



A HAND-BOOK

OF

CO-OPERATION FOR BURMA

BY

A. E. ENGLISH, I.C.S. C.I.E.,

1914.



## PREFACE.

OWING to the repeal of the original Co-operative Credit Societies Act X of 1904 and the issue in its place of the Co-operative Societies Act II of 1912 and to the progress made by the Co-operative movement in Burma it has become necessary to issue a revised edition of the "Hand-book of Co-operation."

The Hand-book is now a compilation of the Act and rules and of the bye-laws of some of the chief types of Societies, of the notifications and orders of Government, and of a few leaflets and forms and other miscellaneous matter, to which compilation is prefixed a short introduction by the Registrar.

A list of bye-laws and leaflets is included and such literature can be obtained if required from the Registrar.

Standard books on Co-operation are kept in the Registrar's library and can be lent for short periods to the public.

It is not Co-operation only, but Co-operation as applied to Burma which is the subject of the Hand-book and it has therefore been hardly possible to avoid the expression of opinions as to such concrete matters as the nature, causes and extent of indebtedness, the prospects which the Co-operative system holds out of alleviating it and of inculcating thrift, and the policy to be pursued in attaining these ends.

Opinions, however, are many and various on most matters, and on none are they more numerous and divergent than on matters economic.

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Though, therefore, the Local Government has sanctioned the publication of this Hand-book, it takes no responsibility for the opinions and statements made in it. Such statements and opinions are those of the Registrar, and on him alone rests the responsibility for them.

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# CO-OPERATIVE SOCIETIES HAND-BOOK.

## CHAPTER I.

### Introduction.

#### SECTION I.—PROMINENT ECONOMIC FEATURES.

Economic conditions in Burma are very different from those obtaining in India generally, and they differ among themselves in different parts of the country.

Taking Burma as a whole the prominent features in the last forty years have been the "opening of the door" of Rangoon to the world, the occupation of waste areas following on the establishment of order, the influx of Chinese and Indian traders and money-lenders and of Indian labourers, the absence hitherto of a good credit system, the somewhat violent transition from a self-sufficing domestic economy to a commercial money economy, a rapid rise in the standard of living following on the development of communications and trade, the establishment of a system of education which tends to make townsmen rather than countrymen, the battle of the standard of living between the high Burman standard and the low Madraši and Chitagonian standard, and the entire absence of organization of the weak, that is of the cultivators, who form the mass of the population, and of the dwellers in the rural market towns.

It is a common idea that the Burman is thriftless and lazy, and that he is unable to stand up against the Indian and the foreigner owing to these inherent qualities. The fact would appear to be, however, that he is the victim of a somewhat unusual combination of circumstances, and that he has temporarily lost ballast, as other races have often done, under a portion only of the conditions above noted.

Consideration of the present economic state of the one-crop areas in the United States of America, of the tremendous increase in mortgage debt in Germany following the grant of rights in land to peasants in 1811, of the results of the emancipation of the serfs in Russia, and of the effects of the 'opening of the door' in many backward countries proves this view.

There is, then, reason to hope that the Burman will pull through the rapids and prove to be little less thrifty, prudent and energetic than the races he has to compete with.

Factors which are likely to have great weight in the economic development of the country are its tendency under free trade to become more and more dependent on agriculture, the regaining of ballast by the Burman, the increase of the Burman population, the reversion to a state in which, as in Bengal, most of the rice crop is consumed in the country and not exported, and the type of education adopted, *i.e.*, whether it be one fitted to develop the youth of the country into countrymen and farmers or into townsmen.

Again, the difference between economic conditions in different parts of the country is great. Thus Pegu, Hanthawaddy and the Delta have reached the commercial agricultural stage, and have a sparse population. Kyaukpyu has a congested population and consumes practically all the paddy which it grows. While Lower Burma is a one-crop area, the dry districts have many crops, and, besides, breed cattle, ponies, goats and sheep. Ma-ubin has practically no forests and many fisheries. Shwebo has large forests and few fisheries. Some tracts, such as Pinlèbu, are almost self-sufficing, inhabited by one race, with one religion; others, such as Dedayè, turn the whole crop into money, buy all requirements, are occupied by a variety of races and religions, and have a high standard of living. Hence the problems before Government in introducing a new credit system are many and complex. Argument from India is of little use, and argument from one tract in Burma to another is little less dangerous. These facts necessitate a large amount of enquiry, and time is required for the physician—the Registrar and his staff—to get to understand his various patients, to diagnose their various diseases and to apply his remedy—Co-operation—in a variety of forms.

## SECTION 2.—CREDIT AND INDEBTEDNESS.

A brief survey of present conditions as to Urban and Agricultural Indebtedness and Credit will assist persons interested in the introduction of co-operative methods into Burma to realize how and why such methods should be introduced.

*Urban Indebtedness.*—With the increase of population and trade and improvement in communications, the number and size of country towns are rapidly growing. Such towns

contain big and small traders, bazaar-sellers, shop-keepers, artisans, wage-earners, professional men and so forth. Most of them have one or more Chetty money-lending offices and a number of other professional money-lenders. Such money-lenders may be Indian shop-keepers or successful Burmese traders or landowners or retired officials. The Chetties tend to lend on visible security, land or pledge; the Burmans often on personal security which they are able to take because they have a better local knowledge of the borrowers.

Shop-keepers and bazaar-sellers generally buy wholesale on credit and pay after retail sale when the next wholesale purchase is made. The interest they pay in this way is high and averages between 40 and 120 per cent.

Persons of all classes who have saved gold or jewellery habitually pledge it when in need of funds and pay upon such loans from 12 to 36 per cent. The bad economy of this course is pointed out in Leaflet IX.

Artisans buy their raw material on credit and frequently have to sell the manufactured article at low rates to the suppliers of the raw material (*e.g.*, silk-weavers in Amarapura).

Others take advances from wholesale buyers and have to sell their products at a fixed low rate to them (*e.g.*, potters at Kyaukmyaung).

Persons employed in the Police and in Government, Municipal and commercial offices also borrow and as a rule have to pay very high rates of money interest. In the case of police constables this frequently works out to 240 per cent.

There is no doubt that there is a real need for organization and the supply of cheap co-operative credit for all classes of small townsmen, and it is probable that cheaper credit would enable Burmese industries to compete better with foreign importations and so check the drift towards excessive dependence on agriculture.

*Agricultural Indebtedness.*—The bulk of the population however is agricultural, and, under existing conditions, the great majority of agriculturists habitually borrow. Such borrowers are landlords, tenants, peasant proprietors and labourers. The labourer who is paid in kind at the harvest borrows against his prospective wages; the tenant borrows on the crop, on his cattle and a little on his character; the peasant proprietor on his land, on the crop, and on personal property and personal security.

In the mass, such indebtedness is heavy, though no heavier than in many other countries including those of Europe. The land mortgage debt for the country generally is probably far less, and in the most indebted tracts like the lower part of the Delta is no greater, than in European countries.

Still it is heavy and it is new and growing, and steps to check it are very necessary.

The kind of debt depends on the prevalent crops, on the certainty or the reverse of harvesting a crop, on custom, on the class of money-lender financing agriculture and on the prosperity of the borrower.

Thus in Akyab District much of the borrowing is on gold pledge, because cultivators have savings invested in gold and because the lenders prefer gold to land. In areas where the crop is precarious (e.g., North Shwebo), money payment of principal and interest is the rule. Where crops are fairly certain (e.g., Pyinmana), the lender, being generally also a produce-buyer, takes payment of both principal and interest or of interest only in kind.

Money interest (*ngwedo*) is paid on loans on mortgage, pledge or personal security. Interest in kind is called *saba nyun*; where principal and interest are paid in kind the system is called *saba pe, hnan pe, wa pe*, etc., or lenders are said to buy the crop green (*sabasein wethi*).

Rates of interest vary greatly, depending on the amount of competition between lenders, the standing and need of the borrower, custom and the class of loan.

Thus *saba pe* works out at from 70 per cent. to 140 per cent., *saba nyun* at 50 per cent. to 80 per cent., *ngwedo* from 12 per cent. to 75 per cent. Payment has, furthermore, often to be made to sureties ranging from 10 per cent. to 30 per cent. on the amount secured.

The most customary rate in Upper Burma is 60 per cent. This in Shwebo is known as "Burman interest" as opposed to 36 per cent. "Chetty interest." In Lower Burma competition has reduced rates, and on good landed security Chetties lend at 18 per cent., but their normal rate is nearer 30 per cent. Burman lenders depending more on character lend at rates generally 6 per cent. to 9 per cent. above those of the Chetty.

Loans are not taken in lump-sums, except for replenishing cattle, buying or redeeming land, funerals, *shinpyus*, religious purposes, house-building and such like purposes. For

agricultural expenses, *i.e.*, payment of labour, purchase of food, seed, hire of cattle, and all the smaller forms of expenditure, they are usually taken in instalments.

Rural Co-operative Credit Societies borrow at 9 per cent. and lend to members at 15 per cent., so credit is thereby materially cheapened to all members.

Loans vary with the size of the holding, the cost of cultivation (which in turn depends on the crop and on local conditions), and the standard of living in the locality. Putting aside lump-sum expenditure (land purchase or redemption, etc.), a normal loan for cultivation expenses to a cultivator in Upper Burma is Rs. 5 per acre; in Lower Burma it is nearer Rs. 15.

The line between justifiable and unjustifiable indebtedness is very indistinct. Loans taken apparently for productive purposes turn out on enquiry to have become necessary only owing to unproductive expenditure in the past. What is called a productive purpose by one critic would appear to another to be speculation. Loans due to misfortune in loss of cattle might have been avoided had more care been taken in tending the cattle. Many view any rise in the standard of comfort in any one but themselves as unjustifiable and thrifless. Still such a rise is what we all aim at and, in hazy terminology, dub Civilization. Others who condemn lavish expenditure on religious objects are often regardless of the hopes and fears of the spender.

That the violent transition from the domestic to the commercial stage of agriculture and the opening up of the country to foreign trade have induced a similarly violent rise in the standard of living, which, owing to the competition of immigrants in petty trade and labour, it is often difficult to maintain, cannot, I think, be denied. Nor can it be denied that improvidence and trust in luck have resulted from this transition. Money easily won is easily lost; as, however, it becomes more difficult to win, it will be better guarded.

There can be no doubt that debt per head has increased in the last forty years and the causes, generally speaking, of this increase are the rapid transition to a money economy; the absence of any machinery for saving; temporary loss of ballast and extravagance; improvidence; the heavy expense of breaking new land and pioneering without a proper system of financing the pioneer; an unduly expensive credit system; the fact that much of the country is under one crop only,

which prevents frequent mobilization of capital; that kind of speculation which always accompanies any land or produce boom; and latterly *habit*.

Special causes are cattle disease and the frequent necessity of replacing cattle dead of disease; the fact that the Delta is not suited for cattle-breeding; restrictions on the raising of money on newly cultivated land; settlement with co-heirs; losses on going surely for others; and annual expenses.

Reasons which cause debt in other countries, but which cannot be said to have operated much in Burma, are land improvement, fall in prices of land and produce, increased taxes and rates, succession duty, and intensive cultivation requiring disproportionately larger capital.

The principal land improvements, such as embankments and canals, are done by Government and charged for over a long term of years in the Land Revenue.

It is not to be inferred from the above remarks that credit is unnecessary to the Burman cultivator. The breaking of new land by men without capital clearly needs credit. In one-crop areas credit-working in reason may be more profitable, at any rate where efficient savings banks do not exist, than restricting the area cultivated so as to retain a fund from past savings from which to meet current expenses and possible expenditure on the replacement of cattle, etc. Co-heirs must often be bought out and this, often, by borrowing to pay them off. Land must be bought and it is often wise to borrow part of the cost. Misfortunes and illness *will* come, from which the only escape is *via* borrowing.

Though, then, borrowing by cultivators is perhaps less necessary than in other countries where the conditions are more adverse, it is obvious that many cultivators must borrow. Moreover machinery for saving is desirable. Co-operative Credit Societies fulfil both these needs.

And it is reasonable that credit should be cheaper than it now is. The dearness of credit now is due to the length of the chain of money-lenders through whom it passes and not to bad security provided by the ultimate borrower. Eliminate the go-between Chetties and other money-lenders and the bulk of the money will reach the cultivator at the rate at which it starts, say, 12 per cent. to 18 per cent. The ultimate security heretofore as under the new Co-operative system was the land, crops and character of the cultivator.

*The Lenders.*—The lenders under the existing system are Chetties, rich Burmans, landlords (to their tenants), shopkeepers, relatives and cultivators. Rich Burmans and landlords lend their own capital and more which they borrow from Chetties. Country-town Chetties borrow from bigger Chetties or lend as agents thereof. Chetties take deposits from individuals and borrow from Joint Stock Banks. Relations often lend free of interest and these are the debts the cultivator liquidates first. Landlords in the Delta are largely forced to lend to tenants in order to get tenants at all. Many of the tenants are penniless and mere labourers in disguise. Co-operative Credit Societies will enable the better tenants to borrow from a Society at 15 $\frac{1}{2}$  per cent. instead of from their landlords at 36 per cent. (the normal rate). They will enable the landlord to use his funds for land improvement. They will enable the tenant and peasant proprietor to borrow cheap, so as to pay monthly cash wages or piece-work wages to their labourers, and thus put an end to the present speculative system of payment in kind at harvest which sometimes ends in the labourer getting nothing.

The objections to the money-lender system have been clearly set forth by Sir F. Nicholson in his report, where he observes as follows : "The money-lender, though useful and "even essential, at present, in rural economy, is not merely "the beneficent friend he is sometimes depicted ; he is essen- "tial because a ryot must have credit, but he is expensive "because he trades chiefly with his own or perhaps a borrowed "capital, and cannot draw upon the general savings of the "public.

" Apart from the unfortunate element of greed, which, "however, must be taken account of as practically universal, "especially where opportunity is favourable to its develop- "ment, he is naturally anxious to get the very most he can for "his loans, and in an immense number of cases undoubtedly "uses his power from a position of undue advantage and "exacts most exorbitant sums ; custom and monopoly are "also important items in the current price of credit." And again : " The main advantages of a bank over a money-lender "are not that it will, in itself, eliminate indebtedness, but that " (1) it encourages thrift and productivity by the gathering in "of large and small savings otherwise idle ; (2) that its prin- "ciples are fixed, its methods public and the results of borrow- "ing from it calculable ; (3) that it will ordinarily lend on such

"terms that, when distress comes, as it must frequently come to small farmers, they can borrow from it with the hope at no great interval of extrication, whereas with the money-lender there is little hope, so that debt means continuous debt."

Add to the above that the money-lender does not like payment in instalments, that where security is good he often avoids repayment and the necessity of finding a fresh place for his money, that he compounds interest without scruple, invites and cajoles men to borrow, demands repayment and sues in the rains, and so causes unnecessary loss to the cultivating borrower, and that in some cases he deliberately entangles the cultivator in order to get hold of his land. Note also that the Chetties disregard the principle of the country banker—local knowledge—by changing their agents every three years. It will then be seen that there is room for improvement.

### SECTION 3.—THE CONDITIONS OF RURAL CREDIT.

The essential conditions of Rural Credit cannot be better summarised than in the words of Sir F. A. Nicholson : "The conditions of credit may be summed up as follows: absolute *proximity* of lender and borrower; complete *security* to the lender as regards title of the property offered, its freedom from prior incumbrances, the recovery of his capital and interest at due date, in convenient amounts, with facilities for enforcing such recoveries in case of arrears; thorough *safety* and *facility* to the borrower, in his ability to obtain cheap loans, at any time, to an amount proportionate to the security he can offer, and upon terms which will be so equitable in themselves, so convenient as regards repayment, so free from all risk of deliberate entanglement, so based upon published rule, so devoid of any tendency to discount necessity or urgency otherwise than by an equitable insurance, that he can calculate on reaping the full fruits of his produce and find in credit a powerful auxiliary to his productive powers and stability. In particular, the terms of repayment must be such that he can replace the loan from the profits of the transaction for which it was obtained; an improvement to land must be repayable by instalments over a long series of years; a purchase of stock must be similarly repayable over a shorter series; advances upon crops or for maintenance may be repayable in lump or by instalments according to convenience. It is axiomatic that loans sunk in improvements or enterprises in which the

" returns are gradual shall not be repayable except by instalments over a period proportionate to the nature of the enterprise.

" Judged by these postulates, the régime of the individual money-lender is wholly defective ; he satisfies, indeed, the condition of proximity, but it is impossible for him, trading "as he does upon his private capital supplemented merely by occasional borrowings, to satisfy the demands for loans at any time and to any amount ; he has no rules save those of his own conscience, and they are variable at pleasure ; he is but too prone—it is the imperfection of human nature—to exact terms high in proportion to the urgency of the borrower's need, and not in proportion to the security offered ; his accounts, if kept at all, are just what he chooses to write and no others, and are subject to no check or audit ; he is apt to be swayed by greed, whether of money, land or power ; he cannot consent to lock up his capital for a lengthy series of years, or to receive it back in infinitesimal driblets, indistinguishable from the interest with which they are paid.

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" It is, then, certain that the substitution of organized credit for that of the money-lender is a necessary development of civilization ; the individual system is only an elementary stage which must be eventually passed as general wealth, order, business confidence, and habits of association develop. The questions for consideration are the direction in which such credit shall develop, the means by which it can be encouraged, the modes in which it will work, and the effects which it can be made to produce upon the nation."

It has been found in other countries that neither State Banks nor Land Mortgage Banks nor Joint Stock Banks—in fact that no other sort of Bank than Co-operative Credit Societies—can really reach the small man, be he artisan or cultivator. The best credit system must be a banking system and that banking system must be a Co-operative banking system.

One point is important as regards *facility* to the borrower : he must be able to get, within the limits of security and productivity, all which he requires from his Co-operative Credit Society. He will fall between two stools if he does not get all. Being in a Co-operative Credit Society he is boycotted by outside money-lenders and his work may suffer seriously if he is thus cut off from funds. One of the lessons learnt in

the past ten years is that there is no benefit or safety in lending too little.

The object of Co-operative Credit Societies is thus (1) to organize agriculturists, artisans and small men generally, and (2) not merely to substitute Co-operative banking for money-lending, but also to promote by every means thrift, providence, self-help and mutual help.

#### SECTION 4.—THE CO-OPERATIVE CREDIT STRUCTURE.

The Co-operative Credit structure in Burma has been built up from below.

*Agricultural Credit.*—The formation of Agricultural Credit Societies began in 1905. In 1909 the process of federation of adjacent Credit Societies into Unions began and an experiment in the establishment of a Central Bank at Pakokku was made. In 1910 the Upper Burma Central Bank, practically the Provincial Central Bank for Burma, was founded and there are now (July 1913) three Central Banks actively working, viz., the Upper Burma Central Bank, the Pakokku District Central Bank, and the Sagu-Salin District Central Bank (Minbu District).

Attached to these Central Banks are about one thousand agricultural Credit Societies, federated for the most part into unions, of which there are seventy.

There are two types of Agricultural Credit Societies—so-called Raiffeisen and Luzzatti.

In the Raiffeisen Societies shares—really entrance fees—are of the value of Rs. 10 paid up at admission; no profits are divided, all such going to the Reserve Fund and on dissolution the Reserve Fund must go to some local work of utility. A member's chief advantage is the obtaining of loans at cheap interest.

In the Luzzatti Societies shares are of Rs. 100 and are subscribed in ten instalments of Rs. 10 over ten years. All profits for ten years go to the Society's Reserve Fund. In the eleventh year fully paid (matured) shares are repaid to members and such members divide three-fourths of the profits yearly thereafter accruing. Hence after the eleventh year from his admission each member gets what is practically a pension or annuity from his Society which accrues from the use of the fund of profits made by the Society in the first ten years by the use of his and others' share money. In this form of Society a member gains both by getting loans at cheap interest and after a course of

saving in getting an annuity after ten years. He obtains in combination the benefits of a bank and of a simple form of insurance. On dissolution the Reserve Fund is divided among the members.

In both types of Agricultural Credit Societies the liability of members is unlimited.

A Union is a federation of a number of Societies from 3 to 30. It has been found that 10 to 15 Societies is the most suitable number and that no Society should be more than 8 miles from the Union headquarters.

The liability of a Society in a Union for the debts of other constituent Societies is limited to the amount of its own borrowings from non-members.

A Union is not a Central Bank, but an association formed for the purpose of mutually guaranteeing the borrowings of affiliated Societies from non-members, of providing regular inspection of the accounts and working of affiliated Societies, of assessing the credit to be allowed to each affiliated Society and recommending loans for them, of assisting the Registrar in deciding whether or not to register new Societies in its neighbourhood and, lastly, of generally furthering the spread of sound co-operation.

The principle at the basis of Unions is nothing but the principle on which individual Co-operative Credit Societies are founded, that is, Co-operation or mutual help. A Union is a Co-operative Society of individual Societies, just as a Village Co-operative Society is a Co-operative Society of individual persons. It may thus be called the second storey of the Co-operative structure.

The third storey of the structure consists of Central Banks, either District or Provincial.

The Pakokku and Sagu-Salin Central Banks finance Societies in the Pakokku and Minbu Districts and when their own deposits do not suffice, fall-back on the Upper Burma Central Bank.

The Upper Burma Central Bank finances Societies in all districts excluding the two above mentioned unless such Societies are able to obtain funds locally for themselves.

The procedure in the demand for an issue of loans is shortly as follows. When members of an Agricultural Credit Society require funds the Committee of the Society enquires into their demands and the security and sanctions such amounts as it thinks fit. It then submits its application to its Union, which

holds a general meeting and decides what credit should be allowed to the Society.

The Society's application and the Union's recommendation are then submitted to the Registrar, who forwards an indent for the amount approved by him, not being more than that sanctioned by the Union, to the Central Bank concerned.

Societies however which have for good management, stability and sound knowledge of Co-operative principles been placed in the first class (A Societies) obtain, with the approval of the Union and the Registrar, a Cash Credit for one year at a time with the Central Bank and within the maximum limit of such Cash Credit they can draw funds as required.

This Cash Credit system is the object in view for all Societies.

*Urban Credit.*—In July 1913 there were 40 Urban Societies including the Burma Postal Co-operative Society and other Societies formed by Police and other Government servants, some artisans' Societies (weavers, cane-workers, etc.) and some town traders' Societies.

Most of the Government servants' Societies collect more funds than are required for loans to members and deposit the excess in Central Banks or lend it to adjacent Agricultural Societies.

The artisans' Societies depend to some extent on Central Banks.

The traders' Societies raise the necessary funds locally in shares and deposits.

#### SECTION 5.—OTHER FORMS OF CO-OPERATION:

In Burma as in many other countries Co-operation for Credit came first: out of it have arisen Societies for co-operative sale of crops (paddy, groundnuts, cotton, wheat, etc.); for co-operative production and sale (sleepers); for the co-operative purchase and introduction of improved machinery and methods (silk-weavers); for co-operative purchase (rice and stores); for co-operative insurance; and for the improvement of pony-breeding. Co-operative cotton ginneries are now in prospect.

The model bye-laws of some of the above forms of Societies are printed in this hand-book. A list is given\* of all such bye-laws and those not printed here can be obtained from the Registrar, Co-operative Societies.

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\* In Chapter XVI.

## SECTION 6.—MAIN PRINCIPLES OF CO-OPERATION AND THE CRITERIA OF SUCCESS.

Attention is invited to page 130 on which is printed a list of the ten main principles of co-operation which every member of a Society is expected to know.

It has been found that the promulgation of this list has had a good effect in fixing the ideas of cultivators and others and enabling them to get a reasonably clear and full understanding of what co-operation means.

No society in which the members are ignorant of such main principles does or can thrive : it is not co-operative and is a fraud.

What Central Banks and depositors place their trust in in making loans to a Society are (1) that it is a registered Co-operative Society, (2) that it is regulated by the Co-operative Societies Act and its bye-laws, i.e., they trust because the borrowing Society is, they believe, co-operative in name and fact.

The chief danger in the development of a co-operative system in any country is that Societies may really be co-operative only in name.

True co-operation is impossible without real knowledge of

(5) Local imitation, i.e., spread of Societies.

(6) Ability to obtain local deposits.

Societies satisfying the above tests are classed as 'A' and admitted to a cash credit with their Central Bank.

## SECTION 7.—THE POSITION OF THE STATE, AND THE CO-OPERATIVE CREDIT SOCIETIES ACT.

The position of the State towards co-operative credit is one of active encouragement, not merely of passive toleration. It will assist the development of organised credit; stimulate competition with the individual money-lender by suggesting and favouring the establishment of credit associations; legislate for the due formation and management of such associations; it may grant to Societies certain privileges which cannot safely be granted to individuals; and it will provide for efficient supervision.

In other words it will educate the people to help and organize themselves and in order to make such organization possible it will by legislation simplify (for simple people) the law of association.

It has provided for the first want by appointing a Registrar and staff, and for the second by enacting the Co-operative Societies Act.

The Act is practically the Indian Companies Act much simplified and reduced from 256 sections to 50.

It is elastic, in that it leaves much to rules and bye-laws which can be modified from time to time as experience is gained.

It provides for the constitution, registration and management of Societies, for the shares and interests of members, for special liens in favour of Societies, for audit, for inspection and enquiry into working and for dissolution.

Only seven rules have been passed under the Act and most of the regulation of Societies is left to bye-laws. The model bye-laws of the most important types of Societies are printed in this Hand-book.

Information as to the Government staff, its personnel and distribution is given in Part XXVIII of the Quarterly Civil List.

Standard books on co-operation can be obtained on loan from the library of the Registrar, Co-operative Societies, Maymyo.

## CHAPTER II.

### ACT No. II OF 1912.

PASSED BY THE GOVERNOR-GENERAL OF INDIA IN COUNCIL.

(Received the assent of the Governor-General on the 1st March 1912.)

### An Act to amend the Law relating to Co-operative Societies.

WHEREAS it is expedient further to facilitate the formation of Co-operative Societies for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means, and for that purpose to amend the law relating to Co-operative Societies; It is hereby enacted as follows:—

#### PRELIMINARY.

1. (1) This Act may be called the Co-operative Societies Short title and extent. Act, 1912; and
  - (2) It extends to the whole of British India.
2. In this Act, unless there is anything repugnant in the Definitions. subject or context,—
  - (a) "bye-laws" means the registered bye-laws for the time being in force and includes a registered amendment of the bye-laws :
  - (b) "committee" means the governing body of a registered society to whom the management of its affairs is entrusted :
  - (c) "member" includes a person joining in the application for the registration of a society and a person admitted to membership after registration in accordance with the bye-laws and any rules :
  - (d) "officer" includes a chairman, secretary, treasurer, member of committee, or other person empowered under the rules or the bye-laws to give directions in regard to the business of the society :
  - (e) "registered society" means a society registered or deemed to be registered under this Act:

- (f) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act: and
- (g) "rules" means rules made under this Act.

### REGISTRATION.

**The Registrar.** 3. The Local Government may appoint a person to be Registrar of Co-operative Societies for the Province or any portion of it, and may appoint persons to assist such Registrar, and may, by general or special order, confer on any such persons all or any of the powers of a Registrar under this Act.

**Societies which may be registered.** 4. Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with or without limited liability:

Provided that unless the Local Government by general or special order otherwise directs—

- (1) the liability of a society of which a member is a registered society shall be limited;
- (2) the liability of a society of which the object is the creation of funds to be lent to its members, and of which the majority of the members are agriculturists, and of which no member is a registered society, shall be unlimited.

**Restrictions on interest of member of society with limited liability and a share capital.** 5. Where the liability of the members of a society is limited by shares, no member other than a registered society shall—

- (a) hold more than such portion of the share capital of the society, subject to a maximum of one-fifth, as may be prescribed by the rules; or
- (b) have or claim any interest in the shares of the society exceeding one thousand rupees.

**Conditions of registration.** 6. (1) No society, other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least ten persons above the age of eighteen years and, where the object of the society is the creation of funds to be lent to its members, unless such persons—

- (a) reside in the same town or village or in the same group of villages; or,

(b) save where the Registrar otherwise directs, are members of the same tribe, class, caste or occupation.

(2) The word "limited" shall be the last word in the name of every society with limited liability registered under this Act.

7. When any question arises whether for the purposes of this Act a person is an agriculturist or a non-agriculturist, or whether any person is a resident in a town or village or group of villages, or whether two or more villages shall be considered to form a group, or whether any person belongs to any particular tribe, class, caste or occupation, the question shall be decided by the Registrar, whose decision shall be final.

8. (1) For purposes of registration an application to register shall be made to the Registrar.

Power of  
Registrar  
decide cer-  
tain ques-  
tions.

(2) The application shall be signed—

(a) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of section 6, sub-section (1); and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and where all the members of the society are not registered societies, by ten other members or, when there are less than ten other members, by all of them.

(3) The application shall be accompanied by a copy of the proposed bye-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

9. If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules and that its proposed bye-laws are not contrary to the Act or to the rules, he may, if he thinks fit, register the society and its bye-laws.

10. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

Evidence of  
registration.

11. (1) No amendment of the bye-laws of a registered society shall be valid until the same has been registered under this Act, for which purpose a copy of the amendment shall be forwarded to the Registrar.

Amendment  
of the bye-  
laws of a  
registered  
society.

(2) If the Registrar is satisfied that any amendment of the bye-laws is not contrary to this Act or to the rules, he may, if he thinks fit, register the amendment.

(3) When the Registrar registers an amendment of the bye-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence that the same is duly registered.

### RIGHTS AND LIABILITIES OF MEMBERS.

Member not  
to exercise  
rights till  
due payment  
made.

12. No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or bye-laws.

Votes of  
members.

13. (1) Where the liability of the members of a registered society is not limited by shares, each member shall, notwithstanding the amount of his interest in the capital, have one vote only as a member in the affairs of the society.

(2) Where the liability of the members of a registered society is limited by shares, each member shall have as many votes as may be prescribed by the bye-laws.

Restrictions  
on transfer  
of share or  
interest.

(3) A registered society which has invested any part of its funds in the shares of any other registered society may appoint as its proxy, for the purpose of voting) in the affairs of such other registered society, any one of its members.

14. (1) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

(2) In case of a society registered with unlimited liability a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof unless—

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer or charge is made to the society or to a member of the society.

### DUTIES OF REGISTERED SOCIETIES.

Address of  
societies.

15. Every registered society shall have an address, registered in accordance with the rules to which all notices and

communications may be sent, and shall send to the Registrar notice of every change thereof.

16. Every registered society shall keep a copy of this Act and of the rules governing such society, and of its bye-laws, open to inspection free of charge at all reasonable times at the registered address of the society. Copy of Act, rules and bye-laws to be open to inspection.

17. (1) The Registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year. Audit.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the society.

(3) The Registrar, the Collector or any person authorised by general or special order in writing in this behalf by the Registrar shall at all times have access to all the books, accounts, papers and securities of a society, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

### PRIVILEGES OF REGISTERED SOCIETIES.

18. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes of its constitution. Societies to be bodies corporate.

19. Subject to any prior claim of the Government in respect of land-revenue or any money recoverable as land-revenue or of a landlord in respect of rent or any money recoverable as rent, a registered society shall be entitled in priority to other creditors to enforce any outstanding demand due to the society from a member or past member— Prior claim of society.

- (a) in respect of the supply of seed or manure or of the loan of money for the purchase of seed or manure— upon the crops or other agricultural produce of such member or person at any time within eighteen months from the date of such supply or loan;
- (b) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture, or

of the loan of money for the purchase of any of the foregoing things—upon any such things so supplied, or purchased in whole or in part from any such loan, or on any articles manufactured from raw materials so supplied or purchased.

Charge and  
set-off in  
respect of  
shares or  
interest of  
member.

20. A registered society shall have a charge upon the share or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus or profits payable to a member or past member in respect of any debt due from such member or past member to the society, and may set off any sum credited or payable to a member or past member in or towards payment of any such debt.

Shares or  
interest not  
liable to  
attachment.

21. Subject to the provisions of section 20, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a Court of Justice in respect of any debt or liability incurred by such member, and neither the Official Assignee under the Presidency-towns Insolvency Act, 1909, III of 1909, nor a Receiver under the Provincial Insolvency Act, 1907, III of 1907, shall be entitled to or have any claim on such share or interest.

Transfer of  
interest on  
death of  
member.

22. (i) On the death of a member a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or bye-laws :

Provided that—

- (i) in the case of a society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid ;
- (ii) in the case of a society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and bye-laws

for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

23. The liability of a past member for the debts of a registered society as they existed at the time when he ceased to be a member shall continue for a period of two years from the date of his ceasing to be a member. Liability of past member.

24. The estate of a deceased member shall be liable for a period of one year from the time of his decease for the debts of a registered society as they existed at the time of his decease. Liability of the estates of deceased members.

25. Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein:— Register of members.

- (a) the date at which the name of any person was entered in such register or list as a member;
- (b) the date at which any such person ceased to be a member.

26. A copy of any entry in a book of a registered society regularly kept in the course of business, shall, if certified in such manner as may be prescribed by the rules, be received, in any suit or legal proceeding, as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible. Proof of entries in societies' books.

VI VI  
of 27. Nothing in section 17, sub-section (1), clauses (b) and (c), of the Indian Registration Act, 1908, shall apply to—  
08. Exemption from compulsory registration of instruments relating to shares and debentures of registered society.

- (1) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist in whole or in part of immoveable property; or
- (2) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immoveable

property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immoveable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures ; or

- (3) any endorsement upon or transfer of any debenture issued by any such society.

**Power to exempt from income-tax, stamp-duty and registration fees.**

28. The Governor-General in Council, by notification in the *Gazette of India*, may, in the case of any registered society or class of registered society, remit—

- (a) the income-tax payable in respect of the profits of the society, or of the dividends or other payments received by the members of the society on account of profits ;
- (b) the stamp-duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society, or any class of such instruments, are respectively chargeable ;
- (c) any fee payable under the law of registration for the time being in force.

#### PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

**restrictions  
n loans.**

29. (1) A registered society shall not make a loan to any persons other than a member :

Provided that, with the general or special sanction of the Registrar, a registered society may make loans to another registered society.

(2) Save with the sanction of the Registrar, a society with unlimited liability shall not lend money on the security of moveable property.

(3) The Local Government may, by general or special order, prohibit or restrict the lending of money on mortgage of immoveable property by any registered society or class of registered societies.

**Restrictions  
on borrow-  
ing.**

30. A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or bye-laws.

31. Save as provided in sections 29 and 30, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions, if any, as the Local Government may, by rules, prescribe.

Restrictions  
on other  
transactions  
with non-  
members.

32. (1) A registered society may invest or deposit its funds—

Investment  
of funds.

- (a) in the Government Savings Bank, or
- (b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882, or
- (c) in the shares or on the security of any other registered society, or
- (d) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar, or,
- (e) in any other mode permitted by the rules.

(2) Any investments or deposits made before the commencement of this Act which would have been valid if this Act had been in force are hereby ratified and confirmed.

33. No part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members:

Provided that after at least one-fourth of the net profits in any year have been carried to a reserve fund, payments from the remainder of such profits and from any profits of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the rules or bye-laws:

Funds not to  
be divided  
by way of  
profit.

Provided also that in the case of a society with unlimited liability no distribution of profits shall be made without the general or special order of the Local Government in this behalf.

34. Any registered society may, with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding ten per cent. of the remaining net profits to any charitable purpose, as defined in section 2 of the Charitable Endowments I of 1890. Act, 1890.

Contributions  
to charitable  
purpose.

#### INSPECTION OF AFFAIRS.

35. (1) The Registrar may of his own motion, and shall on the request of the Collector, or on the application of a majority of the committee, or of not less than one-third of the members,

Inquiry by  
Registrar.

hold an enquiry or direct some person authorized by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society.

(2) All officers and members of the society shall furnish such information in regard to the affairs of the society as the Registrar or the person authorized by the Registrar may require.

Inspection of  
books of  
indebted  
society.

35. (1) The Registrar shall, on the application of a creditor of a registered society, inspect or direct some person authorized by him by order in writing in this behalf to inspect the books of the society:

Provided that—

- (a) the applicant satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) the applicant deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(2) The Registrar shall communicate the results of any such inspection to the creditor.

Costs of  
inquiry.

37. Where an enquiry is held under section 35, or an inspection is made under section 36, the Registrar may apportion the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society.

Recovery of  
costs.

38. Any sum awarded by way of costs under section 37 may be recovered, on application to a Magistrate having jurisdiction in the place where the person from whom the money is claimable actually and voluntarily resides or carries on business, by the distress and sale of any moveable property within the limits of the jurisdiction of such Magistrate belonging to such person.

## DISSOLUTION OF SOCIETY.

Dissolution.

39. (1) If the Registrar, after an inquiry has been held under section 35 or after an inspection has been made under section 36 or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the

society ought to be dissolved, he may cancel the registration of the society.

(2) Any member of a society may, within two months from the date of an order made under sub-section (1), appeal from such order.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period.

(4) Where an appeal is presented within two months, the order shall not take effect until it is confirmed by the appellate authority.

(5) The authority to which appeals under this section shall lie shall be the Local Government :

Provided that the Local Government may, by notification in the local official Gazette, direct that appeals shall lie to such Revenue-authority as may be specified in the notification.

40. Where it is a condition of the registration of a society that it should consist of at least ten members, the Registrar may, by order in writing, cancel the registration of the society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten. Cancellation of registration of society.

41. Where the registration of a society is cancelled, the society shall cease to exist as a corporate body— Effect of cancellation of registration.

(a) in the case of cancellation in accordance with the provisions of section 39, from the date the order of cancellation takes effect;

(b) in the case of cancellation in accordance with the provisions of section 40, from the date of the order.

42. (1) Where the registration of a society is cancelled under section 39 or section 40, the Registrar may appoint a competent person to be liquidator of the society. Winding-up.

(2) A liquidator appointed under sub-section (1) shall have power—

(a) to institute and defend suits and other legal proceedings on behalf of the society by his name of office ;

(b) to determine the contribution to be made by the members and past members of the society respectively to the assets of the society ;

(c) to investigate all claims against the society and, subject to the provisions of this Act, to decide questions of priority arising between claimants ;

(d) to determine by what persons and in what proportions the costs of the liquidation are to be borne and

(e) to give such directions in regard to the collection and distribution of the assets of the society, as may appear to him to be necessary for winding up the affairs of the society.

(3) Subject to any rules, a liquidator appointed under this section shall, in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a Civil Court under the Code of Civil Procedure, 1908.

(4) Where an appeal from any order made by a liquidator under this section is provided for by the rules, it shall lie to the Court of the District Judge. V of  
1908.

(5) Orders made under this section shall, on application, be enforced as follows:—

(a) when made by a liquidator, by any Civil Court having local jurisdiction in the same manner as a decree of such Court;

(b) when made by the Court of the District Judge on appeal, in the same manner as a decree of such Court made in any suit pending therein.

(6) Save in so far as is hereinbefore expressly provided, no Civil Court shall have any jurisdiction in respect of any matter connected with the dissolution of a registered society under this Act.

### RULES.

Rules.

43. (1) The Local Government may, for the whole or any part of the Province and for any registered society or class of such societies, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may—

(a) subject to the provisions of section 5, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

(b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;

(c) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure

to be followed in making; altering and abrogating bye-laws, and the conditions to be satisfied prior to such making, alteration or abrogation;

- (d) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership;
- (e) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;
- (f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;
- (g) provide for the appointment, suspension and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officers;
- (h) prescribe the accounts and books to be kept by a society and provide for the audit of such accounts and the charges, if any, to be made for such audit, and for the periodical publication of a balance-sheet showing the assets and liabilities of a society;
- (i) prescribe the returns to be submitted by a society to the Registrar and provide for the persons by whom and the form in which such returns shall be submitted;
- (j) provide for the persons by whom and the form in which copies of entries in books of societies may be certified;
- (k) provide for the formation and maintenance of a register of members and, where the liability of the members is limited by shares, of the register of shares;
- (l) provide that any dispute touching the business of a society between members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the Registrar for decision or, if he so directs, to arbitration, and prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in

proceedings before the Registrar or such arbitrator or arbitrators, and the enforcement of the decision of the Registrar or the awards of arbitrators;

- (m) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled and for the liabilities of past members;
- (n) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;
- (o) prescribe the payments to be made and the conditions to be complied with by members applying for loans, the period for which loans may be made, and the amount which may be lent, to an individual member;
- (p) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of the society;
- (q) prescribe the extent to which a society may limit the number of its members;
- (r) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (s) subject to the provisions of section 39, determine in what cases an appeal shall lie from the orders of the Registrar and prescribe the procedure to be followed in presenting and disposing of such appeals; and
- (t) prescribe the procedure to be followed by a liquidator appointed under section 42, and the cases in which an appeal shall lie from the order of such liquidator.

(3) The Local Government may delegate, subject to such conditions, if any, as it thinks fit, all or any of its powers to make rules under this section to any authority specified in the order of delegation.

(4) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication.

(5) All rules made under this section shall be published in the local official Gazette and on such publication shall have effect as if enacted in this Act.

## MISCELLANEOUS.

44: (1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government, including any costs awarded to the Government under section 37, may be recovered in the same manner as arrears of land revenue.

(2) Sums due from a registered society to Government and recoverable under sub-section (1) may be recovered, firstly, from the property of the society; secondly, in the case of a society of which the liability of the members is limited, from the members subject to the limit of their liability; and, thirdly, in the case of other societies, from the members.

45. Notwithstanding anything contained in this Act, the Local Government may by special order in each case and subject to such conditions, if any, as it may impose, exempt any society from any of the requirements of this Act as to registration.

46. The Local Government may, by general or special order, exempt any registered society from any of the provisions of this Act or may direct that such provisions shall apply to such society with such modifications as may be specified in the order.

47. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" is part without the sanction of the Local Government:

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the date on which this Act comes into operation.

(2) Whoever contravenes the provisions of this section shall be punishable with fine which may extend to fifty rupees and in the case of a continuing offence with further fine of five rupees for each day on which the offence is continued after conviction therefor.

VI of 48. The provisions of the Indian Companies Act, 1882, Indian Com-  
1882. shall not apply to registered societies. panyes Act,  
1882, not to apply.

X of 49. Every society now existing which has been registered under the Co-operative Credit Societies Act, 1904, shall be Saving of existing societies.

deemed to be registered under this Act, and its bye-laws shall, so far as the same are not inconsistent with the express provisions of this Act, continue in force until altered or rescinded.

Repeal.

50. The Co-operative Credit Societies Act, 1904, is hereby repealed. <sup>X c i  
1904</sup>

## CHAPTER III.

### RULES APPLYING TO THE WHOLE OF BURMA TO CARRY OUT THE PURPOSES OF THE CO-OPERATIVE SOCIETIES ACT, 1912.

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Financial Commissioner's Notification No. 151, dated Rangoon, the 16th  
September 1912.

In exercise of the powers conferred by section 43 of the Co-operative Societies Act, 1912, as delegated to him by Government Revenue Department Notification No. 102, dated the 23rd July 1912, the Financial Commissioner makes the following rules applying to the whole of Burma to carry out the purposes of the said Act.

Government of Burma Revenue Department Notification No. 26, dated the 1st of February 1907, is hereby superseded.

1. The maximum portion of the share capital of a society which may be held by a single member other than a registered society shall be one-fifth of such share capital.

2. Every Society registered under the Act shall for the purposes of section 15 give notice of its address and of any change therein to the Registrar, who shall register it in the book in which the society has been registered under section 9.

3. A society may make bye-laws for the conduct of its business provided that the same are not inconsistent with the provisions of the Act or of any rule made under the Act. Such bye-laws as well as any modification of them which may be made from time to time shall be approved by a majority of the members present at a general meeting for which not less than fifteen days' notice has been given and at which not less than one-half of the members of the society are present.

4. For the purposes of section 22 of the Act a person may be nominated by a member of a society in such manner as may be prescribed by the bye-laws of such society.

5. With the previous sanction of the Registrar, any society may invest its funds or a portion thereof in the purchase or leasing of land and in the construction of buildings, provided that such land or buildings are necessary for the conduct of its business.

6. Every society shall form and maintain a reserve fund to which at least one-fourth of the net profits in any year shall be carried.

7. For the purposes of section 26 of the Act a copy of an entry in a book of a society may be certified by a certificate written at the foot of such copy that it is a true copy of such entry, that such entry is contained in one of the ordinary books of the society and was made in the usual and ordinary course of business, and that such book is still in the custody of the society, such certificate being dated and subscribed by the chairman of the society.

## CHAPTER IV.

### NOTIFICATIONS OF THE GOVERNMENT OF INDIA.

Government of India, Finance and Commerce Department Notification No. 6216-S.R., dated the 30th September 1904.

In exercise of the powers conferred by section 25, subsection (1), clause (a), of the Co-operative Credit Societies Act, 1904 (X of 1904), the Governor-General in Council is pleased to remit the income-tax payable in respect of the profits of any Co-operative Credit Society for the time being registered under that Act or of the dividends or other payments received by the members of any such society on account of profits.

Government of India, Finance and Commerce Department Notification No. 6220-S.R., dated the 30th September 1904.

In exercise of the powers conferred by section 25, subsection (1), clause (b), of the Co-operative Credit Societies Act, 1904 (X of 1904), the Governor-General in Council is pleased to remit the stamp duty with which under any law for the time being in force, instruments executed by or on behalf of any Co-operative Credit Society for the time being registered under that Act or instruments executed by any officer or member of any such society and relating to the business of the society, are respectively chargeable.

Government of India, Home Department Notification No. 376, dated the 24th April 1914.

In supersession of the Home Department Notification No. 2025, dated the 20th June 1910, and in exercise of the powers conferred by section 28, clause (c), of the Co-operative Societies Act, 1912 (II of 1912), the Governor-General in Council is pleased to remit the following fees payable under the law of registration for the time being in force, namely :—

- (a) all fees payable by or on behalf of any Co-operative Society for the time being registered under the Act; and
- (b) all fees payable in respect of any instrument executed by any officer or member of such a society and relating to the business thereof:

## CHAPTER V.

### MISCELLANEOUS ORDERS.

#### A.

By letter No. <sup>General</sup><sub>:35</sub>, dated the 30th January 1905, the Accountant-General requested all Deputy Commissioners and Superintendents of Shan States and Chin Hills, with reference to Civil Account Code, Article 71, to cash the pay and travelling allowance bills of the establishment of the Registrar of Co-operative Credit Societies, when they are presented at any Treasury for payment.

#### B.

By letter No. <sup>1461</sup><sub>1505</sub>—7C.-21, dated the 23rd March 1908, the Financial Commissioner informed all Commissioners and Deputy Commissioners that if a State tenant had mortgaged his interest in State land to a Rural Co-operative Credit Society as security for a loan advanced to him, and if the mortgagor failed to meet his obligations and the Society had to take over the land, a Rural Co-operative Credit Society was not to be considered a non-agriculturist for the purposes of clauses (1) and (2) of Direction 94 of the Upper Burma Land Revenue Directions, 1905.

#### C.

By Financial Commissioner's letter No. 486—7C.-14, dated the 12th September 1908 (approved by Government Resolution No. 3A.-37, dated the 28th October 1908), it was ruled that the alienation of granted land within five years of the date on which exemption of land revenue ended was permissible with the sanction of the Deputy Commissioner in Lower Burma and that Deputy Commissioners should give such permission in the case of mortgages to Co-operative Societies. There is nothing to prevent a squatter from mortgaging to a Co-operative Society his immature occupancy right in land, and if the Society had to foreclose and take over the land, it would, under section 7 of the Lower Burma Land and Revenue Act,

stand in the same position as the mortgagor, and would after completion of the period necessary to make up the 12 years, acquire a landholder's right. So, also, the Society would have an immature occupancy right which it could sell, and if it took the precaution of ascertaining that its transferree would be approved by the Deputy Commissioner and would not be liable to ejection under Lower Burma Land Revenue Direction 7A, the price which it would obtain for the occupancy right would be sufficient in all probability to meet its loan.

## D.

*Deposits and Investments by Government Officials in Co-operative Credit Societies.*

The four following rules give the effect of Rules 7, 9, 11 and 13 of the Government Servants' Conduct Rules (as amended up to the 1st August 1910) and of Burma Government Circulars No. 76 of 1908 and 79 of 1910:—

(1) Members of the Burma Commission (Indian Civil Service, Military or Uncovenanted) and other Military Officers in Civil employ (*e.g.*, Civil and Military Police) may not invest or deposit in Co-operative Credit Societies anywhere in the Province.

(2) Executive and Judicial Officers in the Provincial and Subordinate Civil Services may invest or deposit in Co-operative Credit Societies which are outside their jurisdictions.

(3) All other Government servants (*e.g.*, of the Education, Police, Forest, Public Works Departments, etc.) may invest and deposit within or without their jurisdictions as they please.

(4) Government servants of all classes without restriction may take shares or deposit in the Upper Burma Central Urban Co-operative Bank, Limited, Mandalay.

Extract from the Government Servants' Conduct Rules, 1904, as amended up to the 1st August 1910.

7. A Gazetted Officer may not lend money to any person possessing land within the local limits of his authority, nor may he, except in the ordinary course of business with a Joint Stock Bank or a European Firm, borrow money from, or otherwise place himself under a pecuniary obligation to any person subject to his official authority, or residing, possessing

land or carrying on business, within the local limits of such authority.

When a Gazetted Officer is appointed or transferred to a post of such a nature that a person from whom he has borrowed money or to whom he has otherwise placed himself under a pecuniary obligation will be subject to his official authority, or will reside, possess immoveable property, or carry on business within the local limits of such authority, he must forthwith declare the circumstances to the Government through the usual channel.

The orders contained in this paragraph apply also to non-gazetted officers, but in the case of the latter they may be relaxed in exceptional cases at the discretion of the head of their office. Non-gazetted officers should make the report referred to in sub-paragraph 2 to the head of their office.

\* \* \* \*

9. A Government servant who is a member of the Indian Civil Service or a Military Officer may not hold or acquire any immoveable property within the territories of any Native Prince or Chief.

A Government servant who, not being a Native of India, is a member of the Indian Civil Service or a Military Officer, or holds any office ordinarily held by members of the Indian Civil Service or by Military Officers, may not, directly or indirectly, hold or acquire any immoveable property within the Province in which he is employed or within any Province with the administration of which he is concerned, whether such employment or concern is permanent or temporary.

A Native of India who is a member of the Indian Civil Service, or holds any office ordinarily reserved for members of the Indian Civil Service, and any Government servant belonging to the Provincial or Subordinate Civil Service may continue to hold any immoveable property actually held by him at the time of his entry into Government service, and may thereafter acquire any immoveable property by succession, inheritance or bequest, or with the previous sanction of the Local Government or such heads of departments as may be specially empowered by the Local Government in this behalf \* by purchase or gift.

He will however be liable to be debarred from employment within the district or other local limits within which such immoveable property is situated.

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\* Commissioners of Divisions were so empowered by Burma Government Circular No. 45 of 1909.

Any Government servant may hold or acquire immoveable property in good faith for the purpose of residence.

\* \* \* \* \*

11. A Government servant may not make any investment, other than an investment in immoveable property permitted by Rule 9, which gives him such private interest in matters with which his public duties are connected, as would be likely in the opinion of the Local Government to embarrass or influence him in the discharge of such duties.

Subject to this condition he may hold or acquire shares in any Company, including a mining or agricultural Company, which has for its object the development of the resources of the country; but he will not be employed in any district in which the operations of any such Company are conducted:

Provided that this rule, in so far as it relates to the making of investments or placing of deposits by Government servants in Co-operative Credit Societies registered under Act X of 1904, shall, subject to any general or special restrictions or relaxations made or permitted by the Local Government,\* be read with the following limitations:—

(a) Government servants of the class referred to in the second paragraph of Rule 9 shall not make such investments or place such deposits within the Province in which they are employed.

(b) Government servants of the class referred to in the third paragraph of Rule 9 shall not make such investments or place such deposits except in cases in which they are allowed to retain or acquire immoveable property.

(c) All other classes of Government servants shall be at liberty to make such investments or place such deposits.

\* \* \* \* \*

13. A Gazetted Officer, whether on leave or in active service, may not, without the special sanction of the Secretary of State, take part in the promotion, registration or management of any Bank or other Company.

This rule does not apply \* \* \* to the management by a Government servant of any association established or conducted in good faith for the purpose of mutual supply and not for profit, when such management does not interfere with his public duties, or (subject to the same condition) to any Government servant who, under the general or special sanction of

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\* For a modification or relaxation, see Burma Government Circulars Nos. 76 of 1908 and 79 of 1910, reproduced on pages 38 and 39.

the Local Government, takes part in the management of a Co-operative Credit Society registered under Act X of 1904.

\* \* \* \* \*

Government Pleaders, Crown Prosecutors \* \* \* may serve as directors of a Bank or other Company if such service does not interfere with their public duties and the interests of the Bank or Company are not opposed to those of the Government.

Government of Burma Circular No. 76 of 1908, dated the 11th December 1908.

Under clause (b) of the proviso which has been recently added to Rule 11 of the Government Servants' Conduct Rules, 1904,\* Government servants of the class referred to in the third paragraph of Rule 9 of those rules are precluded from making investments or placing deposits in Co-operative Credit Societies except in cases in which they are allowed to retain or acquire immoveable property. That is to say, a Government servant of the class referred to may not, while in Government service, make an investment or deposit in Co-operative Credit Societies, but he may continue to hold any deposits actually held by him at the time of his entry into Government service, and he may thereafter acquire deposits by succession, inheritance or bequest, or, with the previous sanction of the Local Government, by purchase or gift. Under the first paragraph of the same proviso, however, the Local Government is vested with authority to relax this rule, and the Lieutenant-Governor has decided to make the following relaxation in the case of officers belonging to the Provincial or Subordinate Civil and Judicial Services.

Investment  
of money by  
Government  
servants in  
Co-operative  
Credit Societies.

2. Hitherto officers of the Provincial and Subordinate Civil and Judicial Services in Burma have been permitted to make such deposits in Co-operative Credit Societies as were not prohibited by the Government Servants' Conduct Rules, 1904, before the abovementioned proviso was added to them. The rule which was applicable was Rule 11, which operated to prevent a Revenue or Judicial Officer from investing money in a Society situated within the limits of his jurisdiction. The Lieutenant-Governor considers that this practice may suitably continue, and His Honour is accordingly pleased to relax the prohibition contained in clause (b) of the proviso to Rule 11 so as to permit officers of the Provincial and Subordinate Civil and Judicial Services to deposit money in Co-operative Credit Societies located without the limits of their respective

jurisdictions. The prohibition remains in force so far as Societies located within the limits of an officer's jurisdiction are concerned.

Government of Burma, General Department Circular No. 79 of 1910, dated the 22nd November 1910.

Under the authority vested in the Local Government by the first paragraph of the proviso to Rule 11 of the Government Servants' Conduct Rules, 1904, and in continuation of the orders contained in this Department Circular No. 76 of 1908, the Lieutenant-Governor is pleased to relax, as a special case, the prohibition contained in clauses (a) and (b) of the above-mentioned proviso so as to permit Government servants of all classes to make investments or place deposits in the Upper Burma Central Urban Co-operative Bank, Limited.

## CHAPTER VI.

### Model Bye-laws (Raiffeisen) for a Rural Co-operative Credit Society.

#### REGISTRATION AND STYLE.

(1) The Society shall be called the Rural Co-operative Credit Society. It is registered under the Co-operative Societies Act 1912. The address is—

#### OBJECTS.

(2) The objects of the Society are to borrow funds on the joint and several responsibility of all the members for being utilized as loans to members for productive purposes and to encourage thrift, self-help and co-operation generally among the members.

(3) The liability is unlimited, and each member shall equally with every other member be jointly and severally liable for all debts contracted by the Society.

#### MEMBERSHIP.

(4) The Society shall consist of not less than ten cultivators and others of village above the age of 18, of respectable character and sound mind. Such original members shall subscribe Rs. 10 as a share to the funds of the Society and sign the application for registration:

(5) New members may be admitted after registration of the Society.

(6) A candidate for admission must be proposed by one member and seconded by another member in writing and the proposal laid before the Committee together with a share subscription of Rs. 10.

The Committee shall keep his name under consideration till the next meeting when, if they consider him fit, they shall admit him. If not, they shall return his share money. If admitted he shall sign the Register of Members:

Provided that by a unanimous vote of the whole Committee any eligible person may be admitted as a member at once.

(7) Membership ceases—

- (a) by withdrawal;
- (b) by removal of residence beyond the prescribed area;
- (c) by expulsion;
- (d) by bankruptcy;
- (e) by death;
- (f) by becoming insane.

On cessation of membership the share subscription shall be refunded to the late member, his heir or guardian as the case may be, without profits. The liability of a person, who has ceased to be a member, for the debts of the Society as they existed at the time when he ceased to be a member, shall continue for a period of two years from the date of his ceasing to be a member. The estate of a deceased member shall be liable for a period of one year from the time of his decease for the debts of the Society as they existed at the time of his decease.

(8) No member shall withdraw from the Society within two years after admission. A member may withdraw after two years, provided he is not liable in any sum as borrower or surety to the Society.

(9) Should a member cease to be eligible for membership at any time, the Committee shall remove his name from the list and refund his share subscription.

(10) No member shall be permitted to transfer his interest, either in whole or part, to another; provided that the share of a deceased member may be transferred to his heir if the Committee agree to admit the heir as a member.

(11) The funds of the Society shall consist of—

- (1) Shares at Rs. 10.
- (2) Fixed deposits by members.
- (3) Fixed deposits by non-members.
- (4) Loans from a Central Co-operative Bank or other registered society.
- (5) The Reserve Fund.

(12) The interest paid by the Society on fixed deposits from outsiders shall not exceed Re. 1 and on those from members Re. 1-4-0 per cent. per month.

(13) No interest will be paid on share subscriptions.

(14) The amount which the Society may borrow from non-members or a Central Co-operative Bank or other registered Society shall be regulated by the Registrar, who will be guided by the stability of the Society.

### LOANS.

(15) All applications for loans shall be disposed of by the Committee. Loans shall be made only to members and no member shall be eligible for a new loan till all other members have received or declined loans.

Provided that with the consent of the Registrar the Society may make loans to another registered Society.

A Register shall be maintained, showing yearly the maximum amount of loan which the Society considers each member good for.

(16) Loans to cultivators shall be of three classes, A, B and C.

A. Loans for seed, food, cultivation expenses or cattle fodder. Such loans must be paid in full at harvest of the crop on account of the production of which they were issued.

B. Loans for purchase of carts or cattle, for the liquidation of small debts, and for house-building. Such loans must be repaid in two or, at most, three equal annual instalments as arranged after full consideration of the circumstances by the Committee.

C. Loans for purposes which will continue to be productive for several years, such as for the liquidation of considerable debts to non-members; for the acquisition of land by purchase, redemption or mortgage; and for the making of expensive canals or bunds. Such loans must be repaid in three or, at most, four equal annual instalments, as arranged after full consideration of all the circumstances by the Committee.

The Committee shall have power, for special reasons to be recorded in the minutes, to grant an extension of one year beyond the term fixed for the repayment of a loan. Such power shall only be used in very exceptional cases.

(17) Loans to artisans may be granted for the purchase of implements or raw materials for their industry and for the liquidation of prior debts to non-members.

(18) Loans to traders may be granted for the purchase of stock in trade and for the liquidation of prior debts to non-members.

(19) Loans to artisans and traders may not be granted for more than eight months. Two renewals, each for not more than four months, may be granted on punctual payment at each renewal of at least one-fourth of the original loan with interests.

(20) The rate of interest on loans shall be Rs. 1-4-0 per cent. per month and interest shall be payable every six months or within that period on any sum of principal repaid when such principal is repaid.

(21) The purpose for which a loan is required shall be definitely stated in the application to the Committee. The Committee shall see the loan is properly used for the purpose for which it was made. If it is misapplied the Committee shall have power to require repayment in full within one month with interest, and in addition to impose a fine of Re. 1 for each Rs. 10 of the loan.

(22) Loans may be granted on the personal security of the borrowing member and two other members, or on execution of a mortgage of immoveable property by the borrower in favour of the Society, or with the written sanction of the Registrar, on a mortgage of carts, cattle, or boats.

(23) It shall be entirely within the power of the Committee to refuse a loan, to limit the amount and to object to particular members as sureties.

(24) Should a member become ineligible for membership or be expelled, his loan account shall be at once closed without reference to the term for which the loan was given; the loan shall fall due at once and be recovered without delay.

(25) The Society's claim against a member shall be determined in accordance with section 19 of the Act, which is as follows :

19. Subject to any prior claim of the Government in respect of land-revenue or any money recoverable as land-revenue or of a landlord in respect of rent or any money recoverable as rent, a registered society shall be entitled in

priority to other creditors to enforce any outstanding demand due to the society from a member or past member—

- (a) in respect of the supply of seed or manure or of the loan of money for the purchase of seed or manure—upon the crops or other agricultural produce of such member or person at any time within eighteen months from the date of such supply or loan;
- (b) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture, or of the loan of money for the purchase of any of the foregoing things—upon any such things so supplied, or purchased in whole or in part from any such loan or on any articles manufactured from raw materials so supplied or purchased.

(26) The Society's charge upon the interest of a member in respect to any debt due from such member shall be regulated in accordance with section 20 of the Act, which is as follows :

20. A registered society shall have a charge upon the share or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus or profits payable to a member or past member in respect of any debt due from such member or past member to the society, and may set off any sum credited or payable to a member or past member in or towards payment of any such debt.

#### MANAGEMENT.

(27) The ultimate authority in all matters relating to the administration of the Society shall be the General Meeting which shall meet from time to time as necessary, but at least twice a year in July and January. All members must attend. Each member shall have but one vote. The General Meeting shall deal among other matters with—

- (1) The election of the Committee.
- (2) The enactment, amendment or repeal of bye-laws.
- (3) The expulsion of members.
- (4) Complaints by individual members against the Committee.

- (5) The Registrar's yearly audit report.
- (6) The balance-sheet.
- (7) The entry into a union of Co-operative Societies.
- (28) At least half the members shall be necessary to form a quorum for the General Meeting. As regards any question the opinion of the majority shall prevail. In case of equality of votes the Chairman shall have a casting vote. No addition to or modification of the bye-laws shall have effect till it has been sanctioned by the Registrar.
- (29) Subject to such resolutions as the General Meeting may pass the entire management of the Society's affairs shall vest in a Committee of members elected by the General Meeting each January for one year: Provided that if no election be held in any year or years the sitting Committee shall be deemed to have been elected for the following year, or until an election be held.
- (30) The Committee shall elect one of their members to be Chairman and shall appoint a Secretary. The Chairman shall be *ex-officio* Treasurer.
- (31) All resolutions of the General Meeting and Committee shall be recorded in the Minute Book.
- (32) The Committee shall work gratuitously but, if necessary, the Secretary may be paid a small sum. Expenses actually incurred for stationery, and such like, shall be debited to the Society.
- (33) Of the Committee shall form a quorum. It shall sit as often as may be necessary to transact business.
- (34) If a member of the Committee die or resign or fail to attend three Committee meetings consecutively, the other members of the Committee may appoint a new member to take his place till the next election of Committee.
- (35) The following books shall be kept :—
  - (a) List of Members.
  - (b) Cash Book.
  - (c) Minute Book.
  - (d) Register of Loans.
  - (e) Register of Deposits.
- (36) All receipts and documents must be signed by the Chairman and two members on behalf of the Society, and so signed shall bind the Society.

(37) A balance-sheet must be made out every year in July and presented to the members at the July General Meeting and a copy sent to the Registrar.

(38) When the Society desires to join a Union of Co-operative Societies a General Meeting shall be held and a resolution be passed [in accordance with bye-law 28] and recorded in the minute book to the effect that the Society will join the Union, if admitted. The signatures of the Chairman and two Committee members in the Union Register of Members shall then bind the Society to fulfil the obligations undertaken under the Union Bye-laws.

#### PROFITS AND RESERVE FUND.

(39) The Reserve Fund is formed—

(i) to cover any losses or to meet repayments of loans due by the Society which cannot be met otherwise, such payments being reimbursed to the fund out of the next accruing profits ;

(ii) as an asset of security for loans raised from outsiders.

(40) The entire nett profits of the Society as declared by the Registrar yearly shall be carried to the credit of the Reserve Fund.

(41) The Reserve Fund shall be invested as the Registrar may prescribe. It shall be one and indivisible. It belongs to the Society as a whole and is intended to meet unforeseen losses. No member can claim a specified share in the Reserve Fund. The Reserve Fund shall not be drawn on except with Registrar's sanction.

(42) In case the Society be dissolved the balance of the Reserve Fund available after dissolution shall be devoted to some local work of public interest, such as a *sayat*, bridge, school, or well, as decided at a General Meeting of the late members.

If no decision be come to, the Local Government may decide to what local object the money shall be devoted.

#### EXPULSION.

(43) If a member deceives the Society in any way, or if his general conduct is such as to render his removal necessary in the interest of the Society, the Committee shall summon a General Meeting after 15 days' notice.

The General Meeting so convened may pass a resolution expelling such a member, which resolution shall only be operative if voted for by at least half the total members of the Society. The liability of an expelled member for the debts of the Society as they existed at the time of his expulsion shall continue for a period of one year after such expulsion.

A member who drives the Society to court to recover a loan granted to him shall ordinarily be expelled.

#### DISSOLUTION.

(44) Dissolution shall be effected in accordance with the procedure laid down in sections 39, 40, 41 and 42 of the Act.

#### DISPUTES.

(45) (1) Every dispute between the Society or an officer thereof and—

- (a) a member or person claiming through a member or under the rules of the Society ; and—
- (b) any person aggrieved who has not for more than one year ceased to be a member of the Society, or an officer thereof, or any person claiming through such person aggrieved ;

shall be decided by two arbitrators or, should they fail to come to an agreement, by an umpire appointed as hereinafter provided ; and the decision given shall be binding and conclusive on all parties without appeal, and shall not be removable into any court of law or restrainable by injunction, and application for the enforcement thereof may be made to a civil court.

(2) One arbitrator shall be appointed by the Committee and the other by the person disputing with the Society.

The umpire shall, if necessary, be appointed by the Registrar of Co-operative Societies.

#### GENERAL.

(46) The books of the Society and copies of the Act, Rules made by Local Government thereunder, and Bye-laws of the Society shall be kept open to inspection by members free of charge at all reasonable hours at the registered address of the Society.

(47) These Bye-laws are supplementary to the provisions of the Act and Rules thereunder, and the Society will be guided by the Act, Rules and Bye-laws read together.

## CHAPTER VII.

### Model Bye-laws [Luzzatti] for a Rural Co-operative Credit Society.

#### REGISTRATION AND STYLE.

1. The Society shall be called the Co-operative Credit Society. It is registered under the Co-operative Societies Act, 1912. The address is—

#### OBJECTS.

2. The objects of the Society are to borrow funds on the joint and several responsibility of all the members for being utilised as loans to members for productive purposes, and to encourage thrift, self-help, and co-operation generally among the members.

The liability is unlimited, and each member shall, equally with every other member, be jointly and severally liable for all debts contracted by the Society.

#### MEMBERSHIP.

3. The Society shall consist of not less than ten householders of village, above the age of 18, of respectable character and sound mind. Such original members shall subscribe Rs. 10 towards a share and sign the application for registration.

Shares are of Rs. 100 each. Each member must take at least one share and not more than ten shares. Shares will be paid up in ten years by yearly instalments of Rs. 10. The ten years shall be held to run from the 1st July next following the date of first subscription to the share. Original shareholders shall sign the application for registration.

4. New members may be admitted after registration of the Society.

A candidate for admission must be proposed by one member and seconded by another member, and the proposal must be laid before the Committee together with a share instalment of Rs. 10.

The Committee shall keep his name under consideration till the next meeting when, if they consider him fit, they shall admit him. If not, they shall return his share money. If admitted he shall sign the register of members:

Provided that by a unanimous vote of the whole Committee any eligible person may be admitted as a member at once.

Members may increase the number of shares to which they subscribe at any time, provided that not more than ten shares may be subscribed to at any one time.

Members removing temporarily from the area prescribed in bye-law 3 many continue to subscribe to shares but shall not be eligible for loans.

#### 5. Membership ceases—

- (a) by withdrawal,
- (b) by expulsion,
- (c) by bankruptcy,
- (d) by insanity,
- (e) by death.

#### 6. In the case of cessation of membership *before* a share is fully paid up :—

(1) If membership ceases in the ways (a), (b) or (c) of bye-law 5, the member or his heir will be paid the amount of his share subscriptions after deducting any sums due from him to the Society, without profits, on the completion of ten years from the date of admission.

#### (2) If membership ceases owing to insanity or death—

(i) if the guardian or heir, as the case may be, is eligible for admission in respect of age, character and residence, he may, on application, be admitted as a member in the place of the insane or deceased member, with his full rights and liabilities, or, if he do not desire admission be paid the full amount of the share subscriptions, without profits, at once after deducting any sums due to the Society;

(ii) if the guardian or heir be ineligible for admission on account of permanent non-residence or bad character, he shall be paid at once the full amount of share subscriptions standing to the credit of the insane or deceased member after deducting sums due to the Society and all interest in the share or

shares of such insane or deceased member shall lapse to the Society ;

- (iii) if the heir be ineligible on account of age, he may continue to pay share subscriptions till the share or shares are fully paid up and then receive dividends yearly till he reaches the age of 18. In such case the share money, after ten years and when fully paid up, shall be repaid to the heir, but not till he reaches the age of 18. On his reaching that age, the Committee shall decide whether he is eligible for admission. If eligible, he shall be admitted in the place of the deceased with full rights and liabilities. If he be not admitted, no further dividends shall be paid and all interest in the share or shares of deceased shall lapse to the Society :

Provided that if in the opinion of the Committee the heir be unable to continue to pay further share subscriptions he may be exempted from doing so, and in that case will receive only such amount of dividend as is proportionate to the amount subscribed.

#### 7. In the case of cessation of membership *after* a share is fully paid up :—

(1) If membership ceases in the ways (a), (b) or (c) of bye-law 5, the next accruing yearly dividend due in respect of his share or shares shall be paid to the *ex-member* after deducting any sums due to the Society by him, and thereafter all interest in such share or shares shall lapse to the Society.

(2) If membership ceases owing to insanity or death—

(i) the guardian or heir, if eligible, in respect of residence, character and age, may be admitted in place of the insane or deceased member with his full rights and liabilities ;

(ii) if the guardian or heir be over 18 years of age, but ineligible, on account of permanent non-residence or bad character, he shall be paid the next accruing yearly dividend after deducting any sums due by the insane or deceased member and thereafter all interest in the share or shares shall lapse to the Society ;

(iii) if the heir be a minor under 18 years of age, his guardian shall continue to receive dividends on his

account on the deceased's shares till he reaches the age of 18. The Committee shall then decide whether he is eligible for admission. If eligible, they shall admit him to the full rights and liabilities of the deceased member. If not eligible, his share capital shall be repaid and all interest in the share or shares of deceased shall lapse to the Society.

In any case where the Committee refuse to admit a guardian or heir, an appeal shall lie to the General Meeting, and the decision of the General Meeting shall be binding and conclusive on all parties without further appeal, and shall not be removable into any Court of law or restrainable by injunction.

Each member at the time of admission shall record in respect of each share taken by him, in the share register, the name of the successor to whom he desires that the share money or dividends accruing thereon shall be paid in case of his death, and the Committee shall be bound to make over sums so due to such nominee.

9. After ten years and on becoming fully paid up, share shall be repaid to members.

10. In case a member for good cause cannot pay up his share instalment in any year, the Committee may record the reason in writing and allow him to pay the instalment in the following year along with that due for the following year.

A member may in any year pay up not more than two instalments, besides that due for the year, in advance. Such amounts paid in advance may be devoted to payment of instalments due in any year when the member finds himself unable to pay. Should this not occur the advance payment shall be treated as payment for the last year or two years of the ten.

#### FUNDS.

11. The funds of the Society shall consist of—

- (1) Shares at Rs. 100.
- (2) Fixed deposits by members.
- (3) Fixed deposits by non-members.
- (4) Loans from a Central Co-operative Bank or other registered Society.
- (5) The Reserve Fund.

12. The interest paid by the Society on fixed deposits from outsiders shall not exceed 12 annas, and on those from members Rs. 1-4-0 per cent. per month.

13. The amount which the Society may borrow from non-members shall be regulated by the Registrar, who will be guided by the stability of the Society.

14. Each share shall bear a consecutive number and shares shall be issued serially.

### LOANS.

15. All applications for loans shall be disposed of by the Committee. Loans shall only be made to members provided that—

- (a) No member shall ordinarily be eligible for a new loan while any part of a previous loan to him by the Society is outstanding or till all other members have received or declined loans.
- (b) No loan shall be made to a minor.
- (c) No loan shall be made to a member who has removed his residence beyond the area prescribed in bye-law 3.
- (d) With the consent of the Registrar the Society may make loans to another registered Society.

A register shall be maintained showing yearly the maximum amount of loan which the Society considers each member good for.

16. Loans to cultivators shall be of three classes, A, B and C.

- A. Loans for seed, food, cultivation expenses or cattle fodder. Such loans must be repaid in full at harvest of the crop on account of the production of which they were issued.
- B. Loans for purchase of carts or cattle or for the liquidation of small debts, and for house-building. Such loans must be repaid in two or, at most, three equal annual instalments as arranged after full consideration of the circumstances by the Committee.
- C. Loans for purposes which will continue to be productive for several years, such as for the liquidation of considerable debts to non-members; for the acquisition of land by purchase, redemption or mortgage; and for the making of expensive canals or bunds.

Such loan must be repaid in three or, at most, four equal annual instalments, as arranged after full consideration of all the circumstances by the Committee.

The Committee shall have power, for special reasons to be recorded in the minutes, to grant an extension of one year beyond the term fixed for the repayment of a loan. Such power shall only be used in very exceptional cases.

17. Loans to artisans may be granted for the purchase of implements or raw materials for their industry and for the liquidation of prior debts to non-members.

18. Loans to traders may be granted for the purchase of stock-in-trade and for the liquidation of prior debts to non-members.

19. Loans to artisans and traders may not be granted for more than eight months. Two renewals, each for not more than four months, may be granted on punctual payment at each renewal of at least one-fourth of the original loan with interest.

20. The rate of interest on loans shall be Rs. 1-4-0 per cent. per month and interest shall be payable every six months or within that period on any sum of principal repaid when such principal is repaid.

21. The purpose for which a loan is required shall be definitely stated at the time of application to the Committee. The Committee shall see the loan is properly used for the purpose for which it was made. If it is misapplied the Committee shall have power to require repayment in full within one month with interest, and in addition to impose a fine of Re. 1 for each Rs. 10 of the loan.

22. Loans may be granted on the personal security of the borrowing member and two other members, or on execution of a mortgage of immoveable property by the borrower in favour of the Society, or with the written sanction of the Registrar, on a mortgage of carts, cattle, or boats.

23. It shall be entirely within the power of the Committee to refuse a loan, to limit the amount and to object to particular members as sureties.

24. Should a member become ineligible for membership or be expelled, his loan account shall be at once closed without

reference to the term for which the loan was given; the loan shall fall due at once and be recovered without delay.

25. The Society's claim against a member shall be determined in accordance with section 19 of the Act, which is as follows:—

"19. Subject to any prior claim of the Government in respect of land-revenue or any money recoverable as land-revenue or of a landlord in respect of rent or any money recoverable as rent, a registered Society shall be entitled in priority to other creditors to enforce any outstanding demand due to the Society from a member or past member—

- (a) in respect of the supply of seed or manure or of the loan of money for the purchase of seed or manure—upon the crops or other agricultural produce of such member or person at any time within eighteen months from the date of such supply or loan;
- (b) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture, or of the loan of money for the purchase of any of the foregoing things—upon any such things so supplied, or purchased in whole or in part from any such loan or on any articles manufactured from raw materials so supplied or purchased."

26. The Society's charge upon the interest of a member in respect to any debt due from such member shall be regulated in accordance with section 20 of the Act, which is as follows:—

"20. A registered Society shall have a charge upon the share or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus or profits payable to a member or past member in respect of any debt due from such member or past member to the Society, and may set off any sum credited or payable to a member or past member in or towards payment of any such debt."

#### MANAGEMENT.

27. The ultimate authority in all matters relating to the administration of the Society shall be the General Meeting, which shall meet from time to time as necessary, but at least twice a year in July and January. All members must attend.

Each member shall have but one vote. The General Meeting shall deal among other matters with—

- (1) The election of the Committee.
- (2) The enactment, amendment or repeal of bye-laws.
- (3) The expulsion of members.
- (4) Complaints by individual members against the Committee.
- (5) The Registrar's yearly audit report.
- (6) The balance-sheet.

28. At least half the members shall be necessary to form a quorum for the General Meeting. As regards any question the opinion of the majority shall prevail. In case of equality of votes the Chairman shall have a casting vote. No addition to or modification of the bye-laws shall have effect till it has been sanctioned by the Registrar.

29. Subject to such resolutions as the General Meeting may pass the entire management of the Society's affairs shall vest in a Committee of members elected by the General Meeting in each January for one year: Provided that if no election be held in any year or years the sitting Committee shall be deemed to have been elected for the following year, or until an election be held.

30. The Committee shall elect one of their members to be Chairman and shall appoint a Secretary. The Chairman shall be *ex-officio* Treasurer.

31. All resolutions of the General Meeting and Committee meeting shall be recorded in the Minute Book.

32. The Committee shall work gratuitously, but, if necessary, the Secretary may be paid a small sum. Expenses actually incurred for stationery, and such like, shall be debited to the Society.

33. Of the Committee shall form a quorum. It shall sit as often as may be necessary to transact business.

34. If a member of the Committee die or resign or fail to attend three Committee meetings consecutively, the other members of the Committee may appoint a new member to take his place till the next election of Committee.

35. The following books shall be kept :—  
 (a) List of Members.  
 (b) Cash Book.  
 (c) Minute Book.  
 (d) Register of Loans.  
 (e) Register of Deposits.

36. All receipts and documents must be signed by the Chairman and two members on behalf of the Society, and so signed shall bind the Society.

37. A balance-sheet must be made out every year in July and presented to the members at the July General Meeting and a copy sent to the Registrar.

38. When the Society desires to join a Union of Co-operative Societies a General Meeting shall be held and a resolution be passed [in accordance with bye-law 28] and recorded in the minute book to the effect that the Society will join the Union, if admitted. The signature of the Chairman and two Committee members in the Union Register of Members shall then bind the Society to fulfil the obligations undertaken under the Union Bye-laws.

#### PROFITS AND RESERVE FUND.

39. (a) The Reserve Fund is formed—

(1) to cover any losses or to meet repayments of loans due by the Society which cannot be met otherwise, such payments being reimbursed to the Reserve Fund out of the next accruing profits ;

(3) as an asset of security for loans raised from outsiders.

(b) The Reserve Fund may be used in the general business of the Society. If otherwise invested, such investment shall be subject to the Registrar's approval. It belongs to the Society as a whole, and no member can claim a specified share in it. It shall not be diminished by drawings upon it except with the Registrar's permission.

40. The entire net profits of the Society as declared by the Registrar yearly shall be carried to the credit of the Reserve Fund for ten years.

41. In case the Society be dissolved, the balance of the Reserve Fund available after all liabilities have been discharged shall be paid as a dividend upon the fully paid up shares of such members as are still in the Society at the date of dissolution or, if no shares have yet been fully paid up, in such manner as the Registrar may approve.

42. Of the net profits declared by the Registrar as accruing during the eleventh and succeeding years, one-fourth shall go yearly to the Reserve Fund and three-fourths shall be paid as dividend on the fully paid up shares, and minors' shares made eligible for dividend by the provisions of bye-law 6 (2) (iii).

#### EXPULSION.

43. If a member deceives the Society in any way, or if his general conduct is such as to render his removal necessary in the interest of the Society, the Committee shall summon a General Meeting after 15 days' notice.

The General Meeting so convened may pass a resolution expelling such a member, which resolution shall only be operative if voted for by at least half the total members of the Society. The liability of an expelled member for the debts of the Society as they existed at the time of the expulsion shall continue for a period of one year after such expulsion.

A member who drives the Society to court to recover a loan granted to him shall ordinarily be expelled.

#### DISSOLUTION.

44. Dissolution shall be effected in accordance with the procedure laid down in sections 39, 40, 41 and 42 of the Act.

#### DISPUTES.

45. (1) Every dispute between the Society or an officer thereof and—

- (a) a member or person claiming through a member or under the rules of the Society ; and
- (b) any person aggrieved who has not for more than one year ceased to be a member of the Society, or an officer thereof, or any person claiming through such person aggrieved

shall be decided by two arbitrators or, should they fail to come to an agreement, by an umpire appointed as hereinafter provided ; and the decision given shall be binding and conclusive on all

parties without appeal, and shall not be removable into any Court of law or restrainable by injunction, and application for the enforcement thereof may be made to a Civil Court.

(2) One arbitrator shall be appointed by the Committee and the other by the person disputing with the Society.

The umpire shall, if necessary, be appointed by the Registrar of Co-operative Societies.

#### GENERAL.

46. The books of the Society and copies of the Act, Rules made by Local Government thereunder, and bye-laws of the Society shall be kept open to inspection by members free of charge at all reasonable hours at the registered address of the Society.

47. These bye-laws are supplementary to the provisions of the Act and Rules thereunder, and the Society will be guided by the Act, Rules and bye-laws read together.

## CHAPTER VIII.

### Model Bye-Laws for a Union of Co-operative Credit Societies.

#### NAME—ADDRESS—OBJECTS.

The Union, which is registered under the Co-operative Societies Act, 1912, shall be called the Union of Rural Co-operative Credit Societies, Limited. It is governed by the provisions of the Co-operative Credit Societies Act, 1912.

2. The registered office of the Union is at
3. The objects of the Union are—
  - (i) To develop Co-operative Societies to the utmost of its power.
  - (ii) To provide a means of guaranteeing the credit of each Co-operative Credit Society admitted into it.
  - (iii) To control such affiliated Societies by careful and regular inspection.
  - (iv) To settle all matters of common interest, to advise and assist its members, and to further their interests in every way.

#### MEMBERSHIP—ADMISSION—WITHDRAWAL—EXPULSION.

4. The following are eligible for membership of the Union :—
  - (a) Co-operative Credit Societies, situated in the group of villages approved by the Registrar, which are solvent and sound in working and which subscribe the application for registration of the Union ;
  - (b) Societies situated in the same vicinity which are elected hereafter according to the bye-laws.

Societies which are admitted as members of the Union shall be called affiliated Societies.

5. *Admission.*—An eligible Society desiring admission into the Union shall apply for admission to the Union Committee. Its application shall be considered at a General Meeting of the

Union and it shall be admitted if at least four-fifths of the Societies in the Union agree to its admission. On admission it shall by its Chairman and two Committee members sign a declaration in the Form A attached to these bye-laws accepting all the rights, duties and liabilities prescribed by these bye-laws and by the Co-operative Societies Act, II of 1912, and rules made thereunder.

6. *Withdrawal.*—No such affiliated Society shall withdraw from the Union except on the expiry of one and a half years from the date of its giving notice of withdrawal, and after paying to the Union all sums due by it.

7. *Expulsion.*—If an affiliated Society be found guilty by the Union of careless and bad working, the Union General Meeting may direct that within one month it shall repay all or part of its borrowings from non-members and the affiliated Society shall thereupon be bound to obey such direction. If its working be not improved, or if it be guilty of disloyalty to the Union it shall be liable to expulsion from the Union by resolution of the General Meeting.

### FUNDS.

8. Each affiliated Society shall in February and July contribute to the Union Committee a rate of not less than annas 4 (to be fixed by the General Meeting) on each Rs. 100 of its funds.

9. The fund thus raised shall be kept by the Chairman of the Union and shall be applied to—

- the payment of the Secretary and Union Inspector;
- the payment of contingencies;
- the payment of Rs. 2 per Society inspected for inspections made by the Union Committee members as prescribed in sections 13 and 14.

### RIGHTS, DUTIES AND LIABILITY OF AFFILIATED SOCIETIES.

10. *Rights.*—The rights of an affiliated Society are—

- (1) To obtain inspection by members of the Union Committee or Inspectors appointed by the Union.
- (2) To have its borrowings from non-members guaranteed by the remaining Societies in the Union.

11. *Duties.*—The duties of an affiliated Society are—

- (1) To administer its work in strict conformity with its bye-laws, and with the constitution of the Union.
- (2) Carefully to carry out the instructions of the Union.
- (3) To give all possible assistance to the persons deputed by the Union to inspect its working and accounts.
- (4) To belong to no other Union.
- (5) To allow its books and cash balance to be inspected after two day's notice by the Chairman and two Committee members of any other affiliated Society.
- (6) To inform the Union Committee at once of any reduction in its membership or of any other circumstances lessening its financial stability.

12. *Liability.*—The liability of an affiliated Society is—

- (1) To guarantee the liabilities of the other Societies affiliated to the Union at any time to the extent of but not in excess of the maximum amount of loans from non-members that it has held during the year immediately preceding that time.

#### INSPECTION.

13. The Union Committee shall be responsible for sending two of its members or a paid Inspector twice a year, before the February and July General Meetings, to inspect the accounts and working of all affiliated Societies.

14. The examination shall not be restricted to a mere arithmetical audit of books and balance sheets. The persons inspecting shall see that the administration of each affiliated Society is carried on in strict conformity with Co-operative principles, with its own bye-laws, with the bye-laws and orders of the Union, and with the Co-operative Credit Societies Act and rules framed thereunder. They shall assure themselves that defects pointed out in previous inspections have been remedied. They shall gauge the stability of each affiliated Society and form definite conclusion as to whether the members have improved their standing owing to the existence of the Society.

## ORGANIZATION AND MANAGEMENT.

15. The Union shall be managed by (1) the General Meeting; (2) The Committee.

16. *The General Meeting.*—Each affiliated Society shall at General Meetings be represented by two members of its Committee.

Each affiliated Society shall have one vote for each complete ten members belonging to it.

17. General Meetings of the Union shall be held at least twice a year in February and July and at other times when summoned by the Committee of the Union.

18. Other members of affiliated Societies may attend General Meetings but only to listen and advise their representatives.

19. Notice of the time, date and place of General Meetings shall be given seven clear days before the meeting by the Chairman of the Union. If it be proposed to modify the bye-laws fifteen clear days' notice must be given.

20. General Meetings shall be held at the office of the Union, or at the Headquarters of such affiliated Society as the Committee may consider convenient.

21. Except as provided for in bye-law 5 for a quorum for a General Meeting at least two-thirds of the Societies in the Union must be fully represented.

22. The opinion of the majority shall prevail and in case of an equality of votes the motion shall be held to be lost.

23. The ultimate authority in all matters relating to the administration of the Union shall be the General Meeting. It shall deal, among other matters, with—

- (1) The enactment, amendment or repeal of bye-laws.
- (2) Complaints of affiliated Societies against the Union Committee.
- (3) The regulation of the amount of credit to be allowed to affiliated Societies.
- (4) The admission of new Societies to the Union.
- (5) The election (yearly between January 1st and end of March 31st) of a Chairman and Vice-Chairmen of the Union.
- (6) Inspection reports on affiliated Societies.

24. The resolutions of the General Meeting shall be recorded in a Minute Book.

25. When the amount of credit to be allowed to an affiliated Society is under discussion at a General Meeting the representatives of that Society shall, after being heard, together with any other members of that Society that may be present, withdraw.

26. *The Committee.*—The Union Committee shall consist of the Chairman and Vice-Chairmen of the Union.

27. It shall meet as often as may be necessary for the transaction of business.

28. Meetings shall be summoned by the Chairman and three days' notice given.

29. The Chairman of the General Meeting shall be its Chairman.

30. It shall appoint a Secretary, who may be paid.

31. Other members of the Committee and General Meeting and the Chairman shall work gratuitously.

32. Of the Committee half shall form a quorum.

33. Each member of the Committee shall have but one vote.

34. The opinion of a majority of those present shall prevail. In case of equality of votes the motion shall be held to be lost.

35. It shall be the duty of the Committee—

- (1) To call General Meetings when they consider it necessary, and in any case twice a year in February and July.

- (2) To depute two of its members to inspect each affiliated Society's accounts before the General Meetings of February and July and to enquire into the stability and methods of working of such Societies.

- (3) To see loans and interest due to non-members are punctually paid by Societies.

- (4) To report the results of inspections and enquiries to the General Meeting.

- (5) To supervise the work of the Inspector if any such be appointed.

- (6) To see orders passed upon inspections of affiliated Societies are carried out.

- (7) To keep the accounts of the Union and submit them to the General Meetings of February and July.

- (8) Actively to propagate co-operation.

- (9) Generally to carry on the administration of the Union in all its branches.

- (10) To record its resolutions in a Minute Book.

36. In respect of all matters duly resolved by the General Meeting or within its powers by the Committee, the Chairman and two members of the Committee shall have power to sign for the General Meeting or Committee, as the case may be, and their signatures shall bind the Union.

37. *Books.*—The following books shall be kept:—

- (1) List of affiliated Societies, showing number of their members, prescribed limit of their borrowing powers, and loans held from non-members.
- (2) Register of inspections.
- (3) Cash Book.
- (4) Minute Book.

38. *Balance Sheet.*—A Balance Sheet must be made out yearly in July and presented to the July General Meeting and to the Registrar.

39. *Disputes.*—Disputes shall ordinarily be settled by the Committee. An appeal shall lie to the General Meeting. If the General Meeting cannot settle a dispute it shall refer it to the Registrar, whose decision shall be final and not removable into any Court of Law.

40. *General.*—The books of the Union and copies of the Act, Rules made by the Local Government thereunder, and bye-laws of the Union shall be kept open to inspection by members free of charge at all reasonable hours at the registered address of the Society.

41. These bye-laws are supplementary to the provisions of the Co-operative Credit Societies Act and Rules thereunder and the Union will be guided by the Act, Rules and bye-laws read together.

#### FORM A.

*Declaration to be signed by a Co-operative Credit Society  
upon affiliation to the Union of Co-operative  
Credit Societies.*

We, the undersigned Chairman and two Committee members of the Co-operative Credit Society, being authorised so to do by resolution of the General Meeting of our Society, hereby, on behalf of the said Society, agree to

accept all the rights, duties and liabilities prescribed by the bye-laws of the Union of Co-operative Credit Societies and to abide by its bye-laws as a condition of our Society being admitted into the said Union as an affiliated Society.

1. Signature of Chairman.
2. Signature of Committee Member.
3. Signature of Committee Member.

## CHAPTER IX.

### Bye-Laws of the Upper Burma Central Co-operative Bank, Limited.

#### ORGANIZATION.

1. The Upper Burma Central Co-operative Bank, Limited, is registered as an Urban Society under Act X, 1904. Its object is to collect funds for financing Co-operative Societies established in Burma under Act X, 1904, or Act II, 1912, and to balance their surpluses and deficiencies.

Its address shall be Mandalay.

Its operations may extend to any part of the Province of Burma.

#### MEMBERSHIP.

2. Any person over eighteen years of age and of sound mind residing in Burma shall be eligible for admission.

Co-operative Societies in Burma registered under Act X 1904 or Act II of 1912, or under the Rules framed by the Chief of Momeik for the formation and guidance of Co-operative Societies in Momeik State shall also be entitled to membership without election.

#### CAPITAL.

3. The capital of the Bank shall, for the present, be Rs. 4,00,000 made up of 4,000 shares of Rs. 100 each.

One thousand two hundred and fifty shares shall be available for allotment to individual shareholders and 2,750 shares for allotment to Co-operative Societies in their corporate capacity. Every Co-operative Society dealing with the Bank must take at least one share. Every individual member must also hold at least one share.

No shareholder may hold more than twenty-five shares (nominal value Rs. 2,500).

The original shareholders shall be existing Co-operative Societies which will deal with the Central Bank, and such individuals as apply for shares between 1st October 1910 and 31st October 1910 and are approved by the Registrar.

To such individuals one share each shall be allotted. The balance of shares available thereafter shall be distributed, having regard to safety in respect of the unpaid Rs. 50, by the Committee with the Registrar's approval.

Thereafter the duty of admitting new members and of allotting shares to them shall vest in the Committee, who shall have the power to fix such premium as they may think fit on the new shares to be offered: provided always that the amount of such premium is to be added to the Reserve Fund.

4. The liability of the shareholders shall be limited to the share capital subscribed by them, that is, to the amount paid up *plus* the amount on call.

Each shareholder shall be granted a share certificate in Form B in respect of the number of shares upon which the sum of Rs. 50 per share has been paid up.

Any amount subscribed towards a share by a member shall be forfeited to the Bank if he fail(s) to pay up any amount due on account of such share or shares when due.

A member whose share or shares have been forfeited thus shall remain liable to the Bank for the amount due upon it or them at the time of forfeiture for one year from the time of forfeiture.

4. No transfer shall be allowed unless the transferee be either the Bank itself or a member of the Bank or a person eligible for admission and whom the Bank is willing to admit as a member.

No transfer shall be operative unless and until it is sanctioned by the Committee.

No transfer of a share shall be made from a Society to an individual member of the Bank.

6. Should a member die and should his heir or representative in interest be willing to join as a member and the Committee be willing to take him in, it shall be open to the Committee to transfer the share or shares held by the deceased member to his heir or representative in interest. Should, however, the heir or representative in interest of a deceased member be unwilling to join as a member or the Bank be unwilling to take him in, it shall be the duty of the Committee to proceed under section 22 of Act II, 1912, to pay the share capital paid by the deceased to the heir or representative of the deceased.

7. The liability of a past member to the extent mentioned in bye-law 4 for the debts of the Bank as they existed at the time when he ceased to be a member shall continue for a period of two years from the date of his ceasing to be a member.

The estate of a deceased member shall be liable to the extent mentioned in bye-law 4 for a period of one year from the time of his decease for the debts of the Bank as they existed at the time of his decease.

8. The voting power of shareholders at general meetings shall be as follows :—

Number of shares.	Votes.
1 to 3	1
4 to 6	2
7 to 9	3
10 to 14	4
15 to 20	5
21 to 25	6

#### FUNDS.

9. The Bank will ordinarily obtain funds from the following sources :—

- |                          |                                      |
|--------------------------|--------------------------------------|
| (1) Share subscriptions. | (3) Miscellaneous fees.              |
| (2) Deposits.            | (4) Debentures and other borrowings. |

10. The value of each share shall be paid in full or in calls of Rs. 50 each, it being left to the discretion of the Committee to decide when the calls should be made.

11. Within a maximum limit, to be fixed by the Registrar, the Committee may receive deposits at its discretion, either from members or from others, and shall settle the terms on which deposits shall be taken provided, however, firstly, that deposits from Co-operative Societies shall be received in preference to all other kinds of deposits and, secondly, that the rate of interest on deposits shall not exceed 9 per cent. per annum.

12. The Committee may also, with the Registrar's approval borrow money for the purposes of the bank on debenture, or otherwise. The interest rate on such borrowings shall not

exceed 8 per cent. per annum. Bonds or other documents executed for all borrowings shall be signed by the Manager and shall bind the Bank.

13. The cash balance of the Bank shall be kept with some Joint Stock Bank approved by the Registrar.

### LOANS.

14. The funds of the Central Bank shall be primarily utilized for the purpose of granting loans to Co-operative Societies in Burma. Loans shall only be granted on the requisition of the Registrar, Co-operative Societies, who will prescribe the period and other terms or within the limits of a sum fixed by him as the maximum to be lent to a Co-operative Society or Union of Co-operative Societies.

15. It shall be permissible to a Co-operative Society to repay all or part of any loan at any time. The rate of interest charged on loans to Co-operative Societies shall not exceed 10 per cent. nor without the special sanction of the Registrar 9 per cent.

16. The Bank shall invest its surplus funds—

- (a) in any of the securities specified in section 20 of the Indian Trust Act, 1882 ;
- or (b) with any registered Joint Stock Bank ;
- or (c) in the Post Office Savings Bank.

### MANAGEMENT.

17. The ultimate authority in all matters relating to the administration of the Bank shall be the General Meeting.

18. The General Meeting shall consist of the individual shareholders and of one delegate from each shareholding Co-operative Society.

19. It shall meet once a year at least in July or August and oftener if convened by the Committee.

20. It shall deal with—

- (1) Complaints by shareholders against the Committee.
- (2) The Annual Report and Balance Sheet.
- (3) The Registrar's audit note.
- (4) The election of the Committee.
- (5) The alteration of, addition to, or abrogation, of the bye-laws.

21. A quorum shall be obtained if at least one-tenth of the total number of shares are represented. Proxies shall be allowed provided the proxy is a member and that clear three days' notice is given in the prescribed form. Ten days' clear notice shall be given of the time and place of a General Meeting. Where it is proposed to modify the bye-laws fifteen days' clear notice must be given.

It shall elect a Chairman for each meeting.

22. The Committee shall consist of—

- (1) Fourteen individual shareholders elected by the General Meeting of whom twelve shall be resident in Mandalay Municipality.
- (2) *Ex-officio* all Chairmen of Unions of Co-operative Credit Societies in Burma.
- (3) The Manager.

23. The Committee shall, as soon as elected, elect a Chairman and two Vice-Chairmen of the Committee.

24. Elected members of the Committee shall sit for two years and be eligible for re-election.

25. Pending an election to fill vacancies at the General Meeting next following vacancies in the elected members shall be filled by co-option.

26. A Committee Member who, being resident in Mandalay Municipality, fails without reasonable excuse to attend at least one meeting in a period of three months, or to attend at least three quarters of the Committee Meetings held in any consecutive twelve months, shall be deemed to have vacated his post.

Six members of the Committee shall form a quorum.

27. The Committee shall hold a meeting once in the first ten days of each month and oftener if summoned to meet by the Manager.

28. The Committee shall prescribe rules for the conduct of the Bank's business and the Manager shall be bound to act in accordance with such rules.

29. At each monthly meeting the Committee shall examine the Cash Book, Loan and Deposit Ledgers, Saving Bank Ledger, charges expenditure and such other books and papers as it may think fit to examine.

It shall satisfy itself that business is being conducted with punctuality and in accordance with its rules of management, the bye-laws and the Co-operative Act and Rules.

30. All resolutions of the Committee and General Meeting shall be recorded in a minute book.

31. A balance sheet shall be made out at each half year (31st December and 30th June) and submitted to the Registrar and in July to the Annual General Meeting.

32. Subject to the control of the Committee and General Meeting the administration of the Bank shall vest in the Manager.

#### PROFITS AND RESERVE FUND.

33. Of the net profits as declared in July by the Registrar, after interest on borrowings, salaries of clerks and menials, postage remittance, and stationery charges and miscellaneous expenditure have been paid—

25 per cent. shall be paid as honorarium to the Manager.

25 per cent. shall be credited to the Reserve Fund.

Not more than 3 per cent. may be paid as honorarium to the Committee Members in such amounts proportioned to the expense and trouble they have incurred in furthering the Bank's welfare as the Registrar may approve.

Not more than 5 per cent. may be expended in furthering the growth of co-operative methods in Burma.

From the balance then remaining the General Meeting shall direct that such amount as it thinks fit be paid as dividend to the shareholders, provided that such dividend shall never exceed 30 per cent. per annum on the paid up share capital.

Of the balance remaining (if any) half shall be credited to the Reserve Fund and half shall be carried forward.

34. The Reserve Fund shall be one and indivisible. It belongs to the members of the Bank collectively and it shall not be drawn upon except to make good losses. No member can claim a specified share in it. In case of dissolution any residue remaining over, after all amounts due by the Bank have been paid, shall be divided among the shareholders who hold shares at the time of dissolution in proportion to the number of shares held by them. The Reserve Fund shall be invested in the way prescribed in bye-law 11 for the investment of surplus funds. The approval of the Registrar shall be obtained to such investment and to all drawings upon it.

35. The Reserve Fund is formed—

- (1) To cover any losses or to meet repayments of sums due by the Bank which cannot be met otherwise, such drawings upon it being reimbursed to the Reserve Fund out of the next accruing profits.
- (2) As an asset of security for loans raised from outsiders.

### DISSOLUTION.

36. The Society can only be dissolved in the way provided in sections 39 to 42 of Act II of 1912.

### GENERAL.

37. Every shareholder shall, in his application for a share or shares, name the person or persons to whom he wishes his interest in the funds of the Society to be transferred in the event of his death, and the Bank shall pay any balance due to such deceased member to the person or persons so named.

A Register of nominees shall be maintained. A shareholder may alter his nominee from time to time under his signature in this register.

### FORMS.

38. The following forms shall be used :—

A.—Application for shares.                    B.—Share Certificate.

### FORM A.

THE UPPER BURMA CENTRAL CO-OPERATIVE BANK,  
LIMITED.

To

THE COMMITTEE OF THE UPPER BURMA  
CENTRAL CO-OPERATIVE BANK, LIMITED

SIRS,

Having paid to you the sum of Rs.      being the amount due as deposit at Rs.      and premium Rs.      on a share of Rs. 100 in the abovenamed Bank, I request you to allot me a share, and I agree to accept the same upon the condition laid down by the Bank's bye-laws which I have read and understand, and I request you to place my name on the Register o

*Signature* \_\_\_\_\_

*Address* \_\_\_\_\_

*Occupation* \_\_\_\_\_

*Date* \_\_\_\_\_

THE UPPER BURMA CENTRAL CO-  
OPERATIVE BANK, LIMITED.

*Share Certificate.*

FORM B.

THE UPPER BURMA CENTRAL CO-OPERATIVE  
BANK, LIMITED.

*Share Certificate*      No.

This is to certify that  
proprietor of ordinary shares numbered  
inclusive in the Upper Burma Central Co-operative  
Bank, Limited, subject to the by-laws of the said Bank and that  
the sum of Rs. together with Rs.  
has been paid on each of the said shares. (Each Rs. as premium  
carries a further liability to the Bank of Rs. )  
Given under the common seal of the Bank, the  
19 day of

No.      to  
Paid on each share Rs.  
Issued to  
of  
(address)  
Date.  
Page in Register.

Manager's Signature,

*Chairman.*

*Committee Member.*

*Committee Member.*

*Manager.*

(No transfer of these shares can be made without production of this  
certificate.)

# Rules of the Upper Burma Central Bank Savings Bank.

## *Definitions.*

1. For the purpose of these rules—

*Deposit* means money paid in by, or on behalf of a depositor.

*Depositor* means the person by whom, or on whose behalf, money is deposited.

*Account* means the account of a depositor.

*Balance* means the balance at credit of an account.

*Guardian* includes a father, or, if the father be dead, a mother, or, if both parents be dead, a guardian of the minor appointed by will or deed or under any enactment for the time being in force in British India.

*Family* includes husband and wife, their own children and grand-children, during minority.

## *Business Hours.*

2. The Savings Bank will open for the transaction of business between the hours of 9 A.M. and 11 A.M. every day, except Sundays, Christmas day, New Year's Day, Good Friday and other advertised public holidays when the Bank will be closed.

## *Officials bound to Secrecy.*

3. The officers engaged in the receipt or payment of deposits are not allowed to disclose the name of any depositor, or the amount deposited or withdrawn by him.

## *Persons who may deposit money.*

4. Any person may deposit in the Savings Bank—(a) on his own behalf, whether he be adult or a minor; (b) on behalf of his family as defined in paragraph 1 and subject to the limitation of Rule 8; (c) on behalf of any minor other than one of his own family, of whom he is a guardian.

No person shall open more than three accounts, besides his own on account of his family.

*Public Accounts.*

5. Accounts, called Public Accounts, may be opened:

(i) by Secretaries, Treasurers or Managers of the funds of any dispensary, church, or other religious institution, school, orphanage, asylum or library or of any other fund contributed for purposes other than the private or personal advantage or amusement of the contributors.

(ii) by officers of Government or of public institutions, such as Railways or steamer Companies and the like who collect subscriptions, voluntary or departmental, from their subordinates for departmental purposes.

Public Accounts of the kind specified above must be designated by names indicating the objects to which the money is devoted as dispensary fund, workmen's sick fund, etc., and information must be given in writing as to the objects and source of income of the fund.

The maximum limit of Rs. 1,000 for deposits as well as the maximum limit of Rs. 3,000 for the calculation of interest do not apply to public accounts. But no public account may at any time have more than Rs. 6,000 at its credit exclusive of interest for the current year and no interest will be credited on any sum in excess of Rs. 6,000.

The amount of withdrawals within a calendar month from the deposits at credit of a public account is limited to Rs. 1,000 unless the person who holds the account gives notice to the manager of his intention to make additional withdrawals. The notice must specify the amount to be withdrawn and be given one month in advance by means of a letter to the manager which must specify the day on which it is intended to make the withdrawal.

*Limitations.*

6. Deposits in trust are not allowed and cannot be recognized.

7. The smallest sum of money that can be deposited at any time is one rupee.

8. A depositor <sub>family</sub> cannot pay in a larger sum than Rs.  $\frac{1,000}{3,000}$  in all between the 1st January and the 31st December, unless he <sub>they</sub> invest some or all of the deposit in Fixed Deposit with the Bank; in that case, but in no other, the amount withdrawn for

investment shall be deducted from the Rs.  $\frac{1,000}{3,000}$  and they shall be allowed to deposit a further sum not exceeding the amount so invested.

No deposit will be received from a depositor who has family who have when the money is tendered, a sum of Rs.  $\frac{3,000}{9,000}$  at credit of his their account, exclusive of interest.

A family may not have more than three accounts open, and the above maximum of Rs. 3,000 will apply to each of these accounts respectively.

#### *How to open an Account.*

9. An application to open an account need not necessarily be made in person; but the applicant must state his name, his father's name, his occupation or profession, and his place of residence. The applicant must also sign a declaration, in the following form, that he has read and accepted the Saving Bank Rules. If he be unable to write, he must attend personally, and, in the presence of a witness, affix his mark or seal to the declaration, to be attested by the signature of the witness. If he should apply in person, a copy of the Rules will be given to him to read, or they will be read and explained to him should he be unable to read. If he should not apply in person, a copy of the Rules, with form of declaration, will be sent to him, and he must present the declaration, duly signed, with the first deposit.

#### *Form of Declaration to be signed by Depositor on making first Deposit.*

I declare that the Savings Bank's Rules have been read by me to me and that I accept them as binding upon me.

In the event of my death I nominate \_\_\_\_\_ (name)  
\_\_\_\_\_ (occupation) \_\_\_\_\_ (residence)  
as the person to whom the monies then due to me by the Bank shall be paid in accordance with Section 16 of the Co-operative Societies' Act, II of 1912.

Dated \_\_\_\_\_

*Depositor.*

10. When the declaration is presented, duly signed, with the amount of the first deposit, or when it has been signed by a depositor attending in person to make a deposit, the amount

of the deposit will be entered in a pass-book, which will be supplied to the depositor, and the entry will be initialled by the manager.

11. The Savings Bank is not to be used for the purpose of keeping a current account; and the manager is empowered to close an account should he have reason to believe that the depositor has used the Savings Bank for a purpose for which it was not intended.

#### *Signature of a Depositor.*

12. The depositor will be required to give a specimen of his signature which will be kept in a book in the Savings Bank; and depositors are especially warned that all "receipts" for money to be withdrawn, as well as any letters they may write to the Bank, must be signed strictly in accordance with their specimen signatures already on record there.

#### *Pass-book and its Importance.*

13. The pass-book will show the number of the depositor's account, his own name and father's name, his occupation or profession, and address. No deposit can be made to, and no money can be withdrawn from, an account without its production, and the Bank will not be responsible for any sum not acknowledged in the pass-book. Depositors should carefully examine their books before leaving the office and ascertain that the entries are correct. They should also be careful to keep their pass-books in a place of safety, as the Bank will not be responsible for any loss or incorrect payment contributed to by the neglect of a depositor. Every change of address should be immediately intimated to the Bank.

#### *Loss of Pass-book.*

14. No charge will be made for the pass-book first supplied to a depositor, or for any book issued to him in continuation of the original book which will be retained by the Bank. But if a book be lost or spoiled (except under circumstances over which the depositor has no control), the depositor will be charged one rupee for a fresh book.

#### *How to deposit Money after opening an Account.*

15. A depositor may deposit money as often as he wishes, so long as the prescribed yearly limit is not exceeded. All that he is required to do is to take or send the amount to be

deposited with his pass-book to the Savings Bank. The amount of his deposit will be entered in the pass-book, and the balance struck as shewn below. The entry will then be initialled and the pass-book returned :—

*Example.*

Date.	Amount of each Deposit or Withdrawal (to be entered in words).	Amount deposited	Amount withdrawn.	Balance at Credit of the Depositor.	Initials of Manager.
1902.		Rs. A. P.	Rs. A. P.	Rs. A. P.	
1st February	... Deposited ten rupees.	10 0 0	...	10 0 0	A. B. C.
15th March	... Deposited twenty-five rupees.	25 0 0	...	35 0 0	A. B. C.
22nd May	... Withdrawn three rupees.	...	3 0 0	32 0 0	A. B. C.

*Limitations as to Withdrawals.*

16. A depositor cannot again withdraw money until seven days have elapsed since the last withdrawal. Subject to the above proviso, withdrawals of sums not exceeding Rs. 20 can be made without notice.

Withdrawals of sums exceeding Rs. 20 and Rs. 100 can only be made on the fourth and seventh day respectively after notice of his intention to withdraw has been received from a depositor by the manager. Such notice may be given personally or by letter.

17. Money deposited on behalf of a minor can be withdrawn during his minority only by the guardian.

18. A depositor cannot withdraw a smaller sum than one rupee nor any sum which is not a multiple of one rupee, unless it be to close the account, in which case the entire balance at credit of the account will be withdrawn.

*How to withdraw Money.*

19. A depositor, intending to withdraw money, must present his pass-book personally, or by agent at the Savings bank with a receipt for withdrawals, signed by himself, and showing

amount to be withdrawn. If unable to write, he should attend personally and affix his mark or seal to the receipt, which must be attested by the signature of a respectable witness. If unable to attend personally, he must have his mark or seal affixed to the receipt and attested by some respectable witness. The manager will then pay the amount drawn to the person presenting the receipt with the pass-book, after satisfying himself, by such enquiry as he may think proper, of the inability of the depositor to attend and the genuine character of the application.

20. All amounts withdrawn will be entered in the pass-book and a fresh balance struck, as in the case of a deposit, under the initials of the manager. The amount will then be paid to the depositor or to the person presenting the pass-book, and his receipt taken on the form of withdrawal.

#### *Money deposited or withdrawn by Post.*

21. The pass-book must be sent by the same post as the letter enclosing the money for deposit or the receipt for money to be withdrawn as the case may be. The letter should state the number of the depositor's account.

Instructions which necessitate a credit or debit entry in a Savings Bank account will not be complied with until the pass-book of the depositor is received by the Bank.

#### *Interest.*

22. Interest will be allowed until further orders at the rate of 5 per cent. per annum on deposits subject to the provisoies stated in this rule. The interest will be allowed for each calendar month on the lowest balance at credit of an account between the close of the fourth day and the end of the month; provided that interest shall be allowed only on sums of complete rupees and that it shall be calculated to the nearest anna; provided also that interest shall not be allowed on any sum in one account in excess of Rs. 3,000.

23. The interest calculated for each month will be added each year to the balance of each account. Depositors should present their pass-books as soon as possible after the 1st January in order that the necessary entries may be made in them. If the pass-book is not presented for this purpose the entry will be made on the next occasion when a deposit is made or when money is withdrawn.

Accounts will be made up yearly to the 31st December.

*Closing an Account.*

24. A depositor, wishing to close his account, must present his pass-book in order that the amount of interest due on the account up to the end of the calendar month preceding the date of presentation may be entered therein and a final balance struck. The amount will then be paid to the depositor, and his receipt taken, the pass-book being retained at the bank.

Any depositor who closes his account before it has been in existence for three months will be charged one rupee in each instance. The above fee will also be exacted for every account re-opened within three months from the date that it was closed.

25. A depositor may at any time convert part or all of his balance into a fixed deposit with the Upper Burma Central Bank on terms that can be learnt by enquiry from the Manager. Such fixed deposits do not count in the calculation of depositor's Saving Bank balance nor do they affect the limitations to the amount that may be deposited in the Savings Bank Rules (4 to 8).

*Inspection of Account.*

26. Any depositor may demand to examine his account in the books of the bank, when the bank is open for business and such account shall be shown him.

## CHAPTER X.

### Model (Luzzatti) Bye-laws for an Urban Co-operative Credit Society with limited liability.

#### REGISTRATION AND STYLE.

1. The Society shall be called the Co-operative Credit Society, Limited. It is registered under the Co-operative Societies Act, 1912. The address is—

#### OBJECTS.

2. The objects of the Society are to borrow funds on the joint and several responsibility of all the members for being utilised as loans to members for productive purposes, and to encourage thrift, self-help, and co-operation generally among the members.

#### CAPITAL.

3. The capital of the Society shall consist of—

(a) shares subscribed by the members, the value of each share being Rs. 100;

(b) the Reserve Fund.

The Society may, in order to extend its business, contract loans and accept deposits of money on the security of its capital.

#### LIABILITY OF MEMBERS.

4. In the event of the Society being wound up, every present and past member of the Society shall be liable to contribute to the assets of the Society to an amount sufficient for the payment of the debts and liabilities of the Society and for the cost, charges and expenses of the winding up, and for the payment of such sums as may be required for the adjustment of the rights of the contributors amongst themselves, except under the following circumstances :—

(a) No past member shall be liable to contribute to the assets of the Society if he has ceased to be a member for a period of two years or upwards prior to the commencement of the winding up.

- (b) No past member shall be liable to contribute in respect of any debt or liability of the Society contracted after the time at which he ceased to be a member.
- (c) No contribution shall be required from any member exceeding the amount, if any, unpaid on the shares in respect of which is liable as a present or past member.

### MEMBERS.

5. The Society shall consist of not less than ten inhabitants of town, above the age of eighteen, of respectable character and sound mind.

Any person wishing to join the Society must present a written application to the Committee, stating his willingness to submit to the obligations resulting from the constitution and from the bye-laws and decisions of the Society and the number of shares he wishes to take. (Form A.)

6. In cases of transfer of shares from one person to another the application must be made by the heir or acquirer even though he be already a member.

7. The decision as to the acceptance or rejection of an application for membership or to acquire new shares shall rest with the Committee with an appeal to the General Meeting whose decision shall be final and not removable into any Court of law.

If the application for membership be granted, the new member must sign his name in the register of members.

8. The member is bound—

- (1) to pay within one month the premium on the share or shares taken;
- (2) to acquire or subscribe to at least one share, the payment of the full amount of which or of the first instalment to which must be made within one month of admission;
- (3) to hold himself liable to the full amount of the shares subscribed by him for all obligations assumed by the Society.

9. The amount of the premium shall be proportionate to the value of the share having regard to the amount of capital paid up and of the Reserve Fund.

10. Shares may be acquired by lump sum payments or by quarterly instalments of not less than Rs. 5 payable in advance.

11. Each member is entitled—

- (1) to obtain credit within the limits and in the manner laid down in the constitution;
- (2) to vote at the General Meeting provided he has paid the premium on and at least half of one share and has been registered as a member for not less than three months;
- (3) to a part in the capital and profits of the Society proportionate to the amount of his shares.

12. No member may hold more than ten shares.

13. The Committee may expel any member from the Society who—

- (1) is in arrears with the payment of three instalments of the share subscribed by him without sufficient excuse.
- (2) compels the Society to sue him to force him to fulfil any obligation contracted by him with it;
- (3) is convicted of any serious criminal offence;
- (4) has committed an act considered dishonourable by the Committee.

An appeal shall lie to the General Meeting, whose decision shall be final and not removable into any Court of law.

14. In the case (1) of the preceding article the paid-up share amount shall be forfeited to the Society. In cases (2), (3), and (4), the Society shall refund, after deducting any sums due by the member expelled, the balance he has actually paid up.

15. In the event of a member's death, the Committee may admit the heir as a member if it thinks fit or may, after deducting all sums due by the deceased to the Society, refund the amount of share subscriptions made by deceased to the heir. In such case the rateable profit found due at the close of the year shall also be paid to the heir.

16. The shares are nominative and personal and shall not be sold or pledged except to the Society or to a member and with the Committee's consent.

17. A member shall be entitled to a share in the dividends beginning from the half-year (solar) following that in which he shall have completed the payment of his share.

18. Upon full payment of his share as well as of the premium, if any, the member shall receive a share certificate in Form B.

19. At the beginning of each year (*i.e.*, in July) the Committee shall determine the value of new shares in accordance with the amount of capital subscribed and of the Reserve Funds and shall determine the premium to be paid by new members taking shares within that year.

20. Members may increase the number of their shares at any time provided that not more than ten shares may be held or subscribed to.

21. Members removing temporarily from the area prescribed in bye-law 4 may continue to subscribe to shares but shall not be eligible for loans.

22. Each member at the time of his taking a share shall record in respect of each share taken by him the name of the successor to whom he desires the share money and dividends accruing thereon to be paid in case of his death and the Committee shall be bound to make over sums so due to such nominee, after deducting any sums due by the deceased to the Society.

23. Each share shall bear a consecutive number and shares shall be issued serially.

#### FUNDS.

24. The funds of the Society shall consist of—

Share subscriptions,

Fixed deposits by members.

Fixed deposits or loans by non-members.

25. The interest paid by the Society on Fixed Deposits and loans shall not exceed 9 per cent.

26. The amount which the Society may borrow from non-members shall be regulated by the Registrar, who will be guided by the stability of the Society.

#### LOANS.

27. In order to apply for a loan a member must—

- (1) Have paid up at least half of the value of one share;
- (2) Have no debt due either to the Society or to his own sureties on account of any previous loan obtained from the Society;

(3) Offer according to circumstances sufficient personal or real security for due repayment of principal and interest.

Applications for loans shall be made to the Committee.

28. Loans may only be granted to members and with the consent of the Registrar to Societies registered under Act II of 1912.

29. Loans may be granted to a member up to four times the amount paid up by him on his shares.

No loan for more than Rs. 400 may be granted by the Committee. The General Meeting may sanction loans up to Rs. 800 and, with the special sanction of the Registrar, loans up to Rs. 1,500.

30. Loans may not be granted for more than eight months. Two renewals, each for not more than four months, may be granted on punctual payment at each renewal of at least one-fourth of the original loan with interest.

31. The rate of interest on loans shall not exceed 15 per cent. per annum (Rs. 1-4-0 a month per cent.)

32. Loans shall only be made for productive purposes.

33. The purposes for which a loan is required shall be definitely stated in the application to the Committee. The Committee shall see that the loan is properly used for the purpose for which it was taken. If it is misapplied, the Committee shall have power to require repayment in full within one month with interest, if any, due and in addition to impose a fine of Re. 1 for each Rs. 10 of the loan.

34. Loans may be granted on the personal security of the borrower and two other members, or on execution of a mortgage of unencumbered immoveable property by the borrower in favour of the Society or, with the Registrar's written sanction, on a mortgage of cattle or boats.

35. It shall be entirely within the power of the Committee to refuse a loan, to limit the amount, or to object to particular members as sureties.

36. Should a member become ineligible for membership or be expelled, his loan account shall be at once closed without reference to the term for which the loan was given: the loan shall fall due at once and be recovered without delay.

37. The Committee shall each year appoint a Sub-Committee of not less than two-fifths of their number to investigate

the uses to which loans are put and take steps towards recovery. Court suits shall be brought by the Society in the name of the Chairman.

## MANAGEMENT.

38. (a) The ultimate authority in all matters relating to the administration of the Society shall be the General Meeting, which shall meet from time to time as necessary, but at least twice a year in January and July. All members must attend. Each member shall have but one vote. The General Meeting shall deal, among other matters, with—

- (1) The election of the Committee.
  - (2) The enactment, amendment or repeal of bye-laws.
  - (3) Complaints by individual members against the Committee.
  - (4) The Registrar's yearly audit report.
  - (5) The balance sheet.

(b) When it is proposed to alter the byelaws at least half the members shall be necessary to form a quorum for the General Meeting. As regards any question the opinion of the majority shall prevail. In case of equality of votes the Chairman shall have a casting vote. No addition to, or modification of, the bye-laws shall have effect till it has been sanctioned by the Registrar.

39. Subject to such resolutions as the General Meeting may pass, the entire management of the Society's affairs shall vest in a Committee of members selected by the General Meeting each July for one year.

The Committee shall elect one of its members to be Chairman and shall appoint a Secretary. The Chairman shall be *ex-officio* Treasurer and Chairman of the General Meeting.

All resolutions of the General Meeting and Committee shall be recorded in the minute book.

40. The Committee shall work gratuitously, but an honorarium may be paid to the Secretary. Expenses actually incurred for stationery, and such like, shall be debited to the Society.

Of the Committee shall form a quorum.

It shall sit as often as may be necessary to transact business.

If a member of the Committee die or resign or fail to attend three Committee meetings consecutively, the other members of the Committee may appoint a new member to take his place till the next election of Committee.

41. The following books shall be kept—

- (a) List of Members.
- (b) List of Shares.
- (c) Cash Book.
- (d) Register of Loans.
- (e) Register of Deposits.
- (f) Demand Register.
- (g) Minute Book.

42. All receipts and documents must be signed by the Chairman and two members of the Committee on behalf of the Society and their signatures shall bind the Society.

43. A balance sheet must be made out every year in July for the year ending 30th June, and presented to the members at the July General Meeting, and a copy sent to the Registrar. A pass-book showing amounts to his credit and debit shall be given to each member.

44. The services of all members of the Committee shall be gratuitous, and the Chairman shall not be allowed to take loans during his term of office.

45. No member of the Committee shall attend the discussion upon or vote on any application for a loan in which he himself is interested as borrower or surety.

46. The Committee shall be responsible in all its acts to the General Meetings of members, and shall keep all necessary books and accounts at the registered office of the Society.

47. General Meetings shall be of two kinds, ordinary and extraordinary.

48. Ordinary General Meetings shall be held at least once every half-year in July and January, on such date and at such place as may be determined.

49. The Committee may, whenever they think fit, and shall upon a requisition in writing signed by ten or more members not in default to the Society, convene an extraordinary General Meeting.

50. Such requisition made by the members shall be addressed to the Chairman. It shall expressly state the object of the meeting proposed to be called, and shall be left at the registered office of the Society.

51. No business shall be transacted at any General Meeting unless a quorum of members be present and record their vote.

52. Notice of ordinary General Meetings shall be sent to all members of the Society at least seven days before the holding of such meetings, and notice of extraordinary general meetings shall be sent fifteen days before. The notice shall set forth clearly the subjects for discussion and the resolutions to be proposed, and no other subject shall be discussed without the express permission of the Chairman.

53. The quorum necessary for the transaction of business at any general meeting except as provided in byelaw 38(b) shall be one-third of all the members. If, at the hour fixed for the meeting, a quorum is not forthcoming, the Chairman shall, if the meeting has been called on the requisition of the members, dissolve it. If otherwise convened, the Chairman shall postpone the meeting to a date at least seven days and not more than two weeks ahead, and the business to be transacted at such postponed meeting shall be the same as, and no other than, that proposed for the original date of meeting. At such postponed meetings, resolutions may be carried by the majority of two-thirds of the members present without regard to the number required to form a quorum.

54. Two auditors, who shall not be members of the Committee, shall be elected for the ensuing half year at each half-yearly Ordinary General Meeting whose duties shall be to investigate the accounts of the Society, examine the books monthly and sign them, if correct, and if they be found incorrect to report to the Chairman. They shall examine the balance sheet drawn up, and report whether it exhibits a true and correct view of all affairs of the Society.

#### PROFITS AND RESERVE FUND.

55. Of the net profits accruing each year ending 30th June as declared by the Registrar in July—

25 per cent. shall go to the Reserve Fund.

5 per cent. may go the Secretary as honorarium.

70 per cent. may be paid as dividend to shareholders in proportion to their shares.

56. The Reserve Fund is formed—

- (1) To cover any losses or to meet repayments of loans due by the Society which cannot be met otherwise, such payments being reimbursed to the Reserve Fund out of the next accruing profits.
- (2) As an asset of security for loans raised from non-members.

57. It consists of—

- (a) One-fourth net profits annually credited to it.
- (b) The premium paid by new members.
- (c) Fines.

It belongs to the Society as a whole and no member can claim a specified share in it. It shall not be drawn upon except with the Registrar's permission.

58. In the event of dissolution the balance of the Reserve Fund after all liabilities have been discharged shall be paid as a dividend upon the fully paid-up shares of such members as are still in the Society at the date of dissolution or, if no shares have yet been fully paid up, in such manner as the Registrar may approve.

59. It shall be deposited in the Post Office Savings Bank or in a Joint Stock or Central Co-operative Bank or invested in some safe and easily realizable security approved by the Registrar. It shall not be used by the Society in its ordinary business.

### DISSOLUTION.

60. Dissolution shall only be effected according to sections 39 to 42 of the Act.

### DISPUTES.

61. (1) Every dispute, other than disputes already provided for in these bye-laws, between the Society or an officer thereof and—

- (a) a member or person claiming through a member or under the rules of the Society; and

(b) any person aggrieved who has not for more than one year ceased to be a member of the Society, or any person claiming through such person aggrieved;

shall be decided by two arbitrators or, should they fail to come to an agreement, by an umpire appointed as hereinafter provided; and the decision given shall be binding and conclusive on all parties without appeal, and shall not be removable into any Court of law or restrainable by injunction, and application for the enforcement thereof may be made to a Civil Court.

(2) The arbitrators shall be appointed one by each party to the dispute. The umpire shall be appointed by the Registrar, Co-operative Credit Societies.

#### GENERAL.

62. The Committee shall arrange for the periodical and effective inspection of all immoveable property mortgaged to the Society. Such property shall be inspected at least once in six months.

63. The books of the Society shall be open to inspection by members from 7 to 9 P.M. on each Sunday in each week.

64. Receipts shall be granted for all moneys paid into the Society free of cost.

65. These bye-laws are supplementary to the provisions of the Act and Rules thereunder, and the Society will be guided by the Act, Rules and Byelaws read together.

FORM A.  
LETTERS—LIMITED.

## FORM A.

APPLICATION FOR ADMISSION TO SOCIETY.  
OR FOR ADDITIONAL SHARES.

To

THE COMMITTEE OF

URBAN CO-OPERATIVE CREDIT SOCIETY, LIMITED.

SIR,

(1) I request that you will admit me as a member of the Urban Co-operative Credit Society, Limited. I have read and understand the Society's bye-laws and agree to submit to the obligations resulting from the constitution and from the bye-laws and decisions of the Society.

(2) I desire to take  
to pay within one month Rs.  
Committee upon them and Rs.  
those shares.

shares in the Society and agree  
the premium demanded by the  
in full payment of  
as the first quarterly subscription to

(3) If allowed to pay up the share money in instalments, I agree to pay on each Rs. 100 share the sum of Rs. 5 per quarter till fully paid up in five years.

Signature.....

Address.....

Occupation.....

Date.....

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NOTE.—In cases where existing members take up additional shares the first paragraph should be deleted.

FORM B.

**— URBAN CO-OPERATIVE  
CREDIT SOCIETY LIMITED.**

—URBAN CO-OPERATIVE CREDIT  
SOCIETY, LIMITED.

## *Share Certificate.*

No.	No. of Shares	Nos. to	Paid on each share Rs.	Issued to	Date
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Page in Register

Secretary's Signature

Chittagong

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(No transfer of these shares can be made without production of this certificate.)

## CHAPTER XI.

### Model Bye-laws for a Co-operative Society for Sale of Paddy with limited Liability.

#### REGISTRATION AND STYLE.

1. The Society shall be called the  
Co-operative Paddy Sale Society, Limited.

It is registered under the Co-operative Societies Act, 1912.  
The address is—

#### OBJECTS.

2. The objects of the Society are—

- (1) to receive paddy from members and to sell it direct to the millers in Rangoon, Mandalay and elsewhere or to other large buyers and thereby to save middlemen's profits ;
- (2) to supply better paddy than is now supplied by local traders and so to get better prices than those obtained by such traders ;
- (3) to grade such paddy according to size ;
- (4) to get into direct touch with the large millers and so to ascertain their requirements.

#### MEMBERS.

3. The membership shall consist of individual members of Co-operative Societies in the neighbourhood of

#### CAPITAL.

4. The capital of the Society shall consist of fully paid up shares of 10 baskets of paddy (9-gallon) carrying on each share a further liability of Rs. 4.

Members shall notify the number of shares they will take by \_\_\_\_\_ (date).

Members shall complete the delivery of their shares in paddy between the \_\_\_\_\_ and \_\_\_\_\_ (dates).

A share certificate shall be given to a member on his share or shares being fully paid up.

No member shall hold shares in excess of 1,000 baskets. Each share shall bear a consecutive number and shares shall be issued serially.

#### LIABILITY.

5. No contribution shall be required from a member exceeding the amount of Rs. 4 on each share taken by him.

#### BORROWINGS.

6. Within a limit to be fixed by the Registrar, the Society may take loans from the Upper Burma Central Bank or other source or sources approved by the Registrar.

#### BUSINESS.

7. (a) *Godown.*—The Society shall build a temporary godown near the Railway Station at a cost not exceeding Rs. to take baskets of paddy.

(b) *Sale.*—The Society shall sell to representatives of the millers at or send to millers or mill brokers or or large buyers at Rangoon, Mandalay.

(c) Each member of the Society supplying paddy is bound to ensure that it does not get damped during harvesting and that is well cleaned : to keep the varieties of paddy, *viz.*,

separate : and to exclude red rice paddy. The Society will not accept paddy of other kinds than

; paddy that has suffered from damp ; or paddy wherein varieties have been mixed.

(d) The Society will only accept and measure paddy after it has been passed through the Society's winnower.

(e) The varieties of paddy will be stored in separate compartments.

(f) The Society shall not speculate or hold up paddy for a rise in the market.

It shall sell its paddy as quickly as possible and make every endeavour to get the necessary trucks.

(g) The Committee shall expend such amounts as may be necessary on the godown, on handling the paddy, on bags and Railway charges. All such expenditure shall be explained to the General Meeting at settlement of accounts and the General Meeting shall have power to refuse to pass any items, which items shall then be charged against the Commission allotted to the Committee.

(h) At the time of delivery of his share paddy by a member the Society may if it thinks fit advance to him not more than two-thirds of the probable final price as assessed by the Registrar on each 10 baskets. It will take a receipt for the amount of the advance, which will be cancelled when the net price due to members is determined after sale.

#### MANAGEMENT.

8. The ultimate authority in all matters relating to the administration of the Society shall be the General Meeting of all the members, which shall be held at the commencement of business and at the final settlement of the accounts and at such other time as may be necessary, when summoned by the Committee.

9. Subject to the control of the General Meeting the entire management of the Society's affairs shall vest in a Committee of three members.

10. The General Meeting shall elect the Committee and a Chairman of the Society. The Chairman shall also be Chairman of the Committee.

It shall also fix the pay of the clerk and durwan. The quorum for a General Meeting shall be one-fifth of the total members. The quorum for a Committee shall be two members. All resolutions of the General and Committee Meeting shall be recorded in a minute book.

11. The Committee shall receive a commission which shall not exceed Rs. 1-8 per 100 baskets sold. The rate of commission fixed shall be subject to the Registrar's approval.

12. The following books shall be kept—

(1) List of members and shares.

(2) Stock of paddy (daily).

(3) Paddy received and advances paid book (daily).

(4) Sale book (daily).

be submitted to the Registrar, who will determine—

- (a) the amount of paddy received and sold ;
- (b) the gross price received for paddy sold ;
- (c) the total charges on contingencies and management ;
- (d) the liabilities of the Society to the Upper Burma Central Bank or other non-members ;
- (e) the net amount available for distribution rateably to their shares to members ;
- (f) the amount if any to be contributed out of their liability of Rs. 4 per share for the settlement of such liabilities.

14. The Society will then proceed to close the accounts and give effect to the orders of the Registrar passed under the preceding bye-law.

#### DISPUTES.

15. All disputes between the Committee and a member or any person claiming through a member shall be decided by the General Meeting with an appeal to the Registrar, whose decision shall be final and not removable into any Court of Law.

## CHAPTER XII.

### Bye-Laws for a Co-operative Society for Mutual Insurance of Plough Cattle against Death.

#### OBJECTS, ETC.

1. The Society shall be styled the Village Cooperative Society for the Mutual Insurance of plough cattle against death. Its registered office is at It is registered under the Co-operative Credit Societies Act, 1934, section 29.

2. The objects of the Society are to provide for its members an indemnity in case of the loss of plough cattle due to death from disease or accident.

#### SCOPE OF INSURANCE.

3. The Society will not accept for insurance beasts other than healthy bullocks and male or female buffaloes between the ages of four and twelve years.

4. The Society will not pay any indemnity on account of animals the death of which is due to the following causes:—

- (a) Rinderpest.
- (b) War, riot or rebellion.
- (c) Theft or loss by straying.
- (d) Journey by railway.
- (e) The act of a third party who is legally liable to compensate the owner.
- (f) Contagious diseases mentioned in the Veterinary rules where the member has failed to carry out those rules or to inform the Committee of the outbreak.

The Society will not insure any beast for more than Rs.

#### MEMBERSHIP.

5. Each Society shall operate in an area not larger than a village.

6. All respectable persons above eighteen years of age who own plough cattle in the village are eligible for admission and

Incurables can be sold by order of the Committee and the indemnity payable will be that due for death less the price obtained.

Experts may not judge their own cattle or those of near relatives.

The Committee will judge such cattle.

#### FINANCE—PREMIA—RESERVE FUND.

Each year each member must pay in advance a premium of 3 per cent. of the value of each animal insured. The premium is payable in two instalments at the beginning of each six months after the revision of the valuations.

In case of non-payment the member can get no indemnity. If a member wishes to remove an insured beast or beasts beyond the limits of the township, he shall be bound to inform the Committee and to pay such enhanced premium as the Committee may fix, subject to a maximum of 6 per cent.

The General Meeting can raise the premium when it thinks it insufficient.

From the second year the General Meeting can charge new members entrance fees.

The funds of the Society shall be:—

- (1) The General Fund.
- (2) The Reserve Fund.

The General Fund shall be the amount paid in on account of premia each year at the February and August general meetings.

A Reserve Fund shall be created to meet calamitous years and shall be formed from—

- (1) Fines.
- (2) Entrance fees.
- (3) Donations.
- (4) The excess amount of receipts over expenditure in each year as declared by the Registrar in February after indemnities accruing in the past year have been paid.
- (5) Interest accruing on Reserve Fund investments.

The Reserve Fund and other monies shall be deposited in the Upper Burma Central Bank.

Withdrawals from Reserve Fund can only be made with the approval of the Registrar; of other money deposited in the Central Bank, by the Chairman and two Committee men.

When the Reserve Fund has reached 5 per cent. of the sums assured, a dividend to custom may be paid.

#### DEATHS AND PAYMENT OF INDEMNITIES.

When an insured beast dies, the owner must report the death to and get it vouched for by at least two members or one of the "experts."

He must then report it to the Committee with all the circumstances; the Committee will then help him to arrange for the best sale possible of the meat and skin.

Where a third party is liable, the owner must have taken all possible action against him before receiving any indemnity.

The Society will not pay as indemnity more than two-thirds of the value of the beast, after deducting proceeds of skin and meat, and any compensation the member may have got from a third party.

Payment of indemnities will be made at the half-yearly general meeting (but the Committee may pay on account if funds permit).

If there is *reassurance* the amount payable by the Reassurance Society may be paid at once.

If funds are insufficient the Reserve Fund may be drawn on with the consent of Registrar but not up to more than half of its amount in any one year.

If funds still remain insufficient, indemnities must be proportionately reduced for all deaths of the year.

If the Committee thinks veterinary assistance is necessary, any amount paid to a veterinary doctor will be borne half by the member and half by the Society.

#### MANAGEMENT.

The Society shall be managed by a Committee of from five to nine members named for two years (quorum shall be three to seven); at the end of two years two shall retire (selection by lot) but be eligible for re-election.

The Committee shall appoint a Chairman, Vice-Chairman and Secretary. The Chairman shall be Treasurer. All services shall be gratuitous. The opinion of the majority shall prevail.

It shall supervise the work of the three experts and assist them. It shall supervise the management of the animals insured. It can decide on what sanitary measures should be taken and all such measures each member is bound to carry out.

At the commencement of each half year (August 1st and February 1st) there shall be a general meeting convened by the Chairman at which valuations shall be revised, premia paid, indemnities paid and questions discussed.

All members must attend. Absentees without good reason will be fined Re. 1.

- At General Meetings each member shall have one vote only.

Each year at the February 1st General Meeting the committee will submit a balance sheet and Annual Report. The

General Meeting may then raise the premium rate and impose an entrance fee for new members.

Elections for the new Committee men shall be at the February 1st General Meeting.

Resolutions passed by a majority of those present shall be binding on all the members.

### DISPUTES.

Disputes between the Society and a member shall be settled by arbitration. Arbitrators shall be members, one being appointed by each party. In case they disagree the Registrar shall decide, or he may appoint an umpire to decide. The decision of the Registrar or the umpire shall be final and not removable into any Court of Law.

Modifications of Bye-laws can only be made as laid down in the Local Government Rules and when approved by Registrar.

Dissolution can only be made as provided for in sections 21 and 23 of Co-operative Credit Societies Act and any surplus funds will be allotted to some local work, added to the Reserve Fund of the Village Co-operative Credit Society if there be one, or, failing that, added to the Reserve Fund of the Upper Burma Central Bank.

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- The Society only pays two-thirds of value (so as to make the owner take full care). Then two-thirds of Rs. 222 is Rs. 148 and this is the amount of indemnity payable out of the premium income Rs. 162. The balance Rs. 14 would be placed to the Reserve Fund.

The amount payable by the Society on each beast would then average :—

$$(45-8) \frac{2}{3} = 37 \times \frac{2}{3} = \text{Rs. } 24\text{-}10\text{-}0.$$

There may also be a small addition to the funds from entrance fees, fines, and possibly donations. These go to the Reserve Fund.

If there were reinsurance for half the indemnity then the Reinsurance Office would get half of the year's premiums, viz., Rs. 81 and be liable for half the compensation payable.

Even in a very bad year, more than one-fifth of the cattle could hardly die from causes covered by the insurance. Say that, one-fifth of the 120 animals, that is 24 animals died, then the amount payable as indemnity would be about  $24 \times \text{Rs. } 24\text{-}10\text{-}0 = \text{Rs. } 591$ .

If this could not be met from the premium income of the year together with half of the Reserve Fund, all indemnities would have to be proportionately reduced so as not to exceed the sum of the premium income plus half the Reserve Fund.

From enquiries however it does not seem likely that more than one-tenth of the plough cattle admissible for insurance are ever likely to die in any one year, so that after the Society has been working for several years and has amassed a Reserve Fund, it should be able on a 3 per cent. premium income to meet its two-thirds proportion of all indemnities in full.

## CHAPTER XIII.

### Bye-laws of Upper Burma Cattle Reinsurance Society, Limited.

#### OBJECTS, ETC.

1. The Society shall be called the Upper Burma Central Cattle Reinsurance Society, Limited.

The registered office is at Mandalay:

It is registered under Act II of 1912.

2. The objects of the Society are to provide for the reinsurance by registered Societies which are members of it of part of the risks they undertake in respect of the insurance of plough cattle by their members.

In these bye-laws Central Society means the Upper Burma Central Cattle Reinsurance Society, Limited.

#### SCOPE OF INSURANCE.

3. The Central Society will only do reinsurance business with Cattle Insurance Societies—

(1) which are registered under Act II of 1912;

(2) which are situated in the districts of—

Mandalay,		Kyauchsè,
Sagaing,		Meiktila,
Shwebo,		

and such other districts as the Committee with the consent of the Registrar shall add to the above list.

4. The Central Society will not reinsure to an affiliated Society a sum exceeding half of that which such Society is liable to pay in indemnities to its members.

#### MEMBERSHIP.

5. The members shall consist of—

(1) Such registered Mutual Plough Cattle Insurance Societies as agree to accept the bye-laws of the Central Society and apply for admission to and are admitted by the Committee and pay such part of their premium income as may be arranged. Such Societies shall be called affiliated Societies.

(2) Honorary members elected by the General Meeting, provided that during the first year of the Central Society's existence Honorary members may be appointed by the Registrar, Co-operative Societies.

6. Cattle Insurance Societies admitted as members must maintain such membership for one complete year at least and shall not be permitted to withdraw for three years after receiving an indemnity from the Central Society.

7. Withdrawal in accordance with the above bye-law will be permitted after three months' written notice has been given to the Committee of the Central Society.

8. Expulsion of an affiliated Society may be made by the Committee of the Central Society with appeal to the next General Meeting thereof for grave faults, fraud or deceit, for failure to abide by the bye-laws of the Central Society, or for inattention to the bye-laws of the affiliated Society by its members or officers, or for refusal on the part of the members of such affiliated Society to carry out the sanitary orders of its Committee or of Government.

#### REINSURANCE.

9. An affiliated Society shall be entitled, on payment half-yearly in advance of a proportion of the premium income which it has collected from its members of the said half-year which shall not be less than one-fourth or exceed one-half, to be reinsured by the Central Society for an equivalent proportion of the indemnities which it is liable to pay to its members within the same period of six months. Provided that the affiliated Society must report deaths of cattle in respect of which it is liable to pay indemnities within three days of the death, with full details as to the—

(1) Value for which each beast that has died was insured at the last half-yearly valuation;

(2) The cause of death;

(3) Due payment in advance by the member of his premium to the affiliated Society.

(4) If the death be due to contagious disease the steps taken to prevent the spread of such disease, the date of report to the Township Officer or Veterinary Officer and to the Registrar, Co-operative Societies.

A copy of this report must be sent at the same time direct to the Registrar.

10. The affiliated Society must also submit a certificate duly signed by the Chairman and two Committee men that the bye-laws of the affiliated Society have been duly observed in the matter by the member and the affiliated Society.

11. On receipt of such report and certificate the Central Society will remit to the affiliated Society the amount of indemnity for which it is liable.

12. If it later transpires that such payment has been obtained by fraud or concealment of important information on the part of the affiliated Society or of its Committee or officers or of the member claiming the indemnity, the members of the affiliated Society shall be bound to make good the amount so paid jointly and severally to the Central Society.

#### **FINANCE—PREMIA—RESERVE FUND.**

13. The premium in respect of reinsurance shall be paid so as to reach the Central Society within ten days of the date fixed for receipt of premia by an affiliated Society from its members.

If the period of ten days be exceeded the Central Society will not be liable for deaths occurring between the date fixed for payment of premia by members to the affiliated Society and the date of receipt of the premia by the Central Society.

14. Premia shall be due half-yearly and shall be paid in advance.

15. The Central Society shall in consultation with the Registrar, Co-operative Societies, from time to time fix the minimum rate of premium to be levied by affiliated Societies, and such Societies shall be bound to levy such rate.

16. The funds of the Central Society shall be—

A.—The General Fund.

B.—The Reserve Fund.

C.—The Government Guarantee Fund.

17. The General Fund shall consist of—

(1) The premium income received from affiliated Societies.

(2) Donation by individuals.

18. The Reserve Fund shall consist of—

(1) The excess amount of General Fund receipts over expenditure in each year as declared on February 1st by the

Registrar after indemnities accruing in the past year and such amount in liquidation of loans from Government as may be fixed by the Registrar have been paid.

(2) Interest accruing on Reserve Fund investments.

19. The sums borrowed from Government in accordance with its guarantee shall be repaid yearly, commencing at least from the close of the sixth year, out of the General Fund and from the Reserve Fund, provided that if repayment is made from the Reserve Fund the total so paid to Government in any one year shall not exceed 20 per cent. of the Reserve Fund as it stood on the first day of July preceding.

20. The Government Guarantee Fund shall consist of sums lent by Government under an agreement with the Central Society to enable such Society to pay indemnities to affiliated Societies which it cannot pay from the General or Reserve Funds.

21. The General Fund shall be deposited with the Upper Burma Central Bank, Limited.

22. The Reserve Fund shall be deposited in a separate account in the National Bank of India, Mandalay. It shall not be drawn upon except with the Registrar's consent, and not more than 70 per cent. of it in all shall be drawn upon in any one year to meet indemnities and to liquidate the loan, if any from Government.

23. The Society's year shall end on 30th June.

#### MANAGEMENT.

24. The Society shall be managed by—

- (1) The General Meeting.
- (2) The Committee.
- (3) The Manager.

25. The General Meeting shall meet at least once a year in or about August and shall amongst other matters deal with—

- (1) The election of the Committee.
- (2) Complaints by members against the Committee.
- (3) The fixing of the premium rate to be levied by affiliated Societies.
- (4) The enactment, amendment or repeal of its bye-laws.

(5) The appointment of the Manager, provided that pending the holding of a General Meeting the Committee may appoint a Manager provisionally.

(6) The Registrar's yearly audit report.

(7) The Balance Sheet.

26. A Chairman of the General Meeting shall be elected for each meeting.

27. The General meeting shall consist of—

(a) Honorary members.

(b) One delegate from each affiliated Society.

(c) During the currency of the agreement by Government to support the Central Society with loans under bye-law 20, a representative of Government appointed by the Financial Commissioner.

28. A quorum shall be obtained if five Honorary members, delegates of 5 per cent. of affiliated Societies, and the Government representative are present.

29. Each Honorary member and affiliated Society delegate shall have one vote only. The Government representative shall have five votes.

30. In case of equality of votes for and against a motion, the motion shall be held to be lost.

31. *The Committee* shall consist of—

(a) *Ex-officio* all Honorary members.

(b) Ten Chairmen of affiliated Societies elected by the General Meeting.

(c) The Manager.

32. The Committee shall be elected yearly by the August General Meeting.

33. A quorum shall be obtained if five members of the Committee are present.

34. The Committee shall meet at least once quarterly and shall deal with the admission to and expulsion from membership of registered Mutual Cattle Insurance Societies.

It shall examine the Society's books of account, the expenditure, and such other details of management as it thinks fit.

35. It shall prescribe rules for the guidance of the Manager.

36. It shall satisfy itself that business is being conducted with punctuality and in accordance with its rules of management, the bye-laws, Co-operative Societies Act and Rules.

37. The members shall serve gratuitously.

38. It shall cause a balance sheet to be made out for each year ending the 30th June and submit the same and a report of the year's working to the August General Meeting and copies to the Registrar, Co-operative Societies. Subject to the control of the Committee and General Meeting the administration of the Society shall vest in the Manager.

39. The Manager, who may be an honorary or paid officer, shall be bound to carry out the instructions of the General Meeting and Committee and to keep full and accurate accounts in the forms prescribed by the Registrar.

#### DISPUTES.

40. Disputes between the Society and a member shall be settled by arbitration. Arbitrators shall be members, one being appointed by each party. In case they disagree the Registrar shall decide, or he may appoint an umpire to decide. The decision of the Registrar or the umpire shall be final and not removable into any Court of Law.

#### GENERAL.

41. Modifications of the bye-laws can only be made as laid down in the Local Government Rules and require the approval of the Registrar.

#### DISSOLUTION.

42. Dissolution can only be made as provided for in sections 39 to 42 of the Co-operative Societies Act, II of 1912.

43. Any surplus funds remaining after dissolution will be allotted to some local work or added to Reserve Fund of the Upper Burma Co-operative Central Bank.

## CHAPTER XIV.

### Leaflet No. VI.

#### SOCIETIES OF SALARY EARNERS.

Under the Co-operative Credit Societies Act\* all societies are either Rural or Urban. In Rural societies four-fifths of the members must be agriculturists : in Urban societies four-fifths must be non-agriculturists. Thus Societies formed of persons who draw periodic salaries and who are not agriculturists, are classed as Urban Societies.

There is, however, a marked line of distinction between societies of salary earners and those of traders and artizans. In the latter, capital is essential and income depends largely on the amount of capital employed. Given energy, skill and caution a trader can by employing more capital, provided the interest paid on it be moderate, rise in status from a petty trader to a big merchant ; or a small sawyer may become the owner of a large saw mill.

The case of the salary earner is different. He gives so many hours' work for a fixed remuneration and his spare time is employed in reading, eating, sleeping and relaxation.

He should ordinarily not require to borrow money as he should live within his income ; he should rather save monthly out of his income than borrow to spend beyond it. It is true there are a few cases in which borrowing may be necessary, such as to meet lump-sum expenditure for removal to a distant town, for illness of himself or his family, unavoidable litigation, replacement of effects after a fire, house-building, the liquidation of prior debt at onerous interest incurred before admission to the society and so forth. But in many of these cases the employer will give a loan or advance of pay ; and a still better course is that the salary earner should have put by a fund by saving to meet such emergencies.

The bad economy involved in borrowing is evident where, for instance, a clerk on Rs. 50, desiring to emulate the standard of living of clerks drawing Rs. 80 or Rs. 100, borrows, say, Rs. 100 and spends it on new clothes and more expensive living. Suppose he pays it back in monthly instalments of Rs. 10.

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\* The Co-operative Credit Societies Act, 1904 is now superseded by the Co-operative Societies Act, 1912 which does not make this distinction between Rural and Urban Societies.

Then for one or two months he lives like a clerk on Rs. 100, but thereafter he must sink to the level of one on Rs. 40, and it is always more difficult to retrench than to increase expenditure.

The only justification then for registering Co-operative Credit Societies of salary earners is that they should ordinarily be saving societies and that loans should be very exceptional. This will mean that the capital raised from savings will be invested for the most part outside the society and not in loans to members.

Homogeneity in standing, means, and social position among the members is one of the chief essentials of a truly Co-operative Credit Society. This has been proved in both Urban and Rural Societies. Societies of salary earners are mostly formed of the employés of a particular office or offices, be it Government or mercantile, or of the members of a Police force or Customs service or similar establishment; hence, another difficulty and another difference from the traders' society present themselves. The establishment of an office or Police force includes senior men on high pay and junior men on low pay. As members such men are not *equal and even* in social positions, means, or influence. Unless there be at hand a regulating factor—some person possessing knowledge of the local conditions, and of the characters of the members, with authority to insist on absolute fairness of dealing on the part of the stronger members in the society—the essential element of homogeneity is absent, and, true co-operation being impossible, the society will get into difficulties and prove more of a curse than a blessing.

There are at present (July 1910) nine salary earners' societies in Burma, one being composed of members of the Ma-ubin District Police force, two of the establishment of Settlement Offices, and six of the establishment of District Offices. They are :—

<i>Police.</i>	<i>Settlement Parties.</i>	<i>District Offices.</i>
Ma-ubin.	No. 2 (Hanthawaddy). No. 5 (Meiktila).	Sagaing. Kyaiksè. Pakôkku. Ma-ubin. Hedzada. Pyapôn.

There are as yet no societies of employés of mercantile firms in Burma, though there are several such in Calcutta and other parts of India.

There are further points for consideration in connection with Co-operative Credit Societies of Government servants: points which tend yet more to emphasize the fact that such societies are not yet generally necessary.

Government has recently established a Provident Fund to which practically all officers except menials can subscribe, and from which they may borrow for good cause against their savings. The accounts are kept by Government and the safety of money so saved is assured.

Government also allows advances of pay for house-building and house-purchase, and to meet the expenses of transfer.

Thus the reasons for which Government servants should legitimately borrow are very few, and seldom sufficient to justify the formation of such societies.

They will only be registered where an undertaking on the part of the head of the office or some other influential member thereof is given that he will effectively "regulate" the society by attending meetings, scrutinizing applications for loans and their use, preventing arrears, restricting loans to justifiable and necessary cases, seeing that dealings with outside money lenders are discontinued and generally insisting on true Co-operation.

Where the head of the office or some other influential official in the place so interest himself as patron, and where the society is well managed on business lines, and is rather a Provident Fund than a Credit Society, there is no doubt that it confers great benefits both on the members and on the employer. It will check the pernicious habit of borrowing from money-lenders, enable men who have been bitten by such debt to wipe it out, induce thrift and a provision for the future, engender self-respect and business habits in the members, and generally improve the 'morale' of the establishments from which the members are drawn.

Where, on the other hand, no regulating authority assumes the duty of supervising the Society, not only will unfairness and disagreement ensue, but the Society, besides taking up a quite disproportionate amount of the Registrar's time, will undoubtedly lead to extravagance and a damaged sense of moral obligation in many of the members. Facile credit has very serious dangers.

The Registrar has neither the local knowledge nor the time to be the "regulating" factor.

As regards the 'management of such societies, the model bye-laws require that all payments due to the Society on account of 'monthly subscriptions, repayment of loans or payment of interest *must* be made by deduction from pay at the time of disbursement. Collection in any other way has proved impracticable and leads to annoyance and arrears, and no society that does not accept the principal of payment of dues by deduction from pay will be registered.

## Leaflet No. X.

### MUTUAL CATTLE INSURANCE SOCIETIES.

#### I.—*General Considerations.*

The basic principle of Insurance is the yearly payment in advance by a number of owners to a Society of a sum calculated at least to equal the yearly average amount of loss sustained in respect of the things insured, from which sum the Society contracts to pay indemnities to the losers.

The sum paid by an owner to the Society is called a premium and it is calculated at a settled proportion of the value of the property insured. The proportion payable as premium is big or small according as the risk, that is, the yearly average loss, in the property insured is large or small. Thus the premium payable in respect of a masonry house is very much less than that on a wooden house. In respect of some property the risk is so great that no Society would agree to accept it in insurance at a rate of premium that any sensible man would pay. Thus the premium on a mat and thatch house would probably be so high that no one would insure it.

The larger the number of people who insure and pay premiums and the wider the area over which the risks extend the more nearly does the actual amount of indemnity payable in any year coincide with the average indemnity.

At first sight it would seem that as *Insurance* business implies a large area and many insurers, it conflicts with the principle of *Mutuality* which is best attained in a restricted area, such as a single village, and with a limited number of persons insuring. And indeed there is such a conflict, but it is got over by what may be called the two-storey organization, by which the Mutuality principle is attained by forming in the first case village Societies, and the principle of large area and large clientèle is arrived at by the village Societies insuring again in a Central Society which takes a half or a quarter of the premium and pays a half or a quarter of the indemnities.

The Central Society cannot of course be formed till there are, say, twenty or more scattered village Societies as a foundation to build it upon. The more scattered such affiliated village Societies are, the better, because, as is well known, epidemics are more or less local in any given year and do not extend over more than three or four adjacent districts. Hence when anthrax is prevalent in Katha, it is quite likely there will be no cases in Kyaukse and Magwe.

This is the way in which the Mutual Insurance of cattle is organized in most continental countries.

The advantages gained by circumscribing the area of the village society are *proximity* of the Society to the insurer and *mutual supervision*. Cattle can be valued, inspected and deaths enquired into at once and on the spot, and fraud is rendered almost impossible as the remaining members in the village know the cattle, how they are tended, and why they die.

Again there are educational advantages in that where the whole society is concerned in the treatment of every insured beast, public opinion is formed to bear in favour of more sanitary and more careful tending, and in favour of careful measures to avoid or combat epidemics. Further, the members help each other and work together to provide against future difficulties and to obtain a general improvement in the condition of the cattle. The village as a whole learns self-reliance.

The financial advantages are obvious. In such an Insurance Society expenses are reduced to a minimum, there are no dividends to pay to the capitalist owners of an Insurance Company and there should be no loss by payment of indemnities in fraudulent cases.

Some societies in Europe demand but a small premium in advance and make up deficiencies in funds when the premium funds do not suffice to pay all indemnities in any year, by making a levy on the members for the deficient balance. It is found however that such levies are paid with a bad grace, and the great majority of societies adopt the plan of calculating the premium payable so as to make such premium income sufficient to meet indemnities. In such Societies all excess funds remaining over after the payment of indemnities in any good year are placed to a Reserve Fund from which money can be taken to make up indemnities in a year of calamity.

## II.—*Cattle Insurance in other countries.*

The extent to which the system of Mutual Insurance of cattle has been adopted in other countries points the way to us in Burma. A few instances are given below :—

Mutual Cattle Insurance exists in England, Sweden, Denmark, Germany, Holland, Belgium, France, Italy and Austria.

It is most developed in Holland, Belgium, and France—all countries advanced in agriculture.

Holland and Belgium are both small countries, not more than one-fifth the size of Burma, but the following figures show how far they have gone in cattle insurance.

In 1906 Holland had 377 such societies for insuring horses (used there for draught and ploughing) with 56,814 horses insured, and 748 cattle societies with 273,099 beasts insured.

The total membership, *i.e.*, persons insuring horses and cattle was 103,454.

In Belgium in the same year there were 170 horse and 981 cattle, societies ; 38,265 horses and 257,815 cattle were insured and the total membership (persons) was 100,763. Besides the horse and cattle societies there are numerous goat and pig societies.

The rate of premium has been found to average 3 per cent. for horses and about  $1\frac{1}{2}$  per cent. to 2 per cent. for cattle. There are more risks in Burma than in Holland or Belgium (tigers, snakes, indifferent sanitation, over work in ploughing, less efficient control of contagious diseases) and here no society should begin with premiums for plough cattle of less than 3 per cent.

An insured bullock or buffalo becomes to some extent "fixed property" and so of more use as security for loans than an uninsured one.

In almost all countries very young cattle and old cattle are barred and no indemnity is paid on insured animals, the death of which results from war, riot, rebellion, theft or loss (stray), fire, lightning and flood. In many Societies deaths from epidemic diseases such as anthrax are not covered.

Everywhere fraud on the part of the insuring member invalidates the insurance and no compensation is paid if the death be clearly due to neglect.

All healthy cattle of a member, and not merely a selection, are insured—this to prevent fraud. Sickly beasts are excluded. To ensure that the owner will tend a sick beast properly and not let it die so as to get the insurance money, Societies never pay the whole value but a proportion varying from 60 to 75 per cent. Most societies fix a maximum value for which any single animal may be insured.

The owner states the value when he gives in the list of his cattle. This valuation is checked and may be modified by the experts or committee and their valuation is the one on which the premium is paid. Valuations are checked and if, necessary, altered every six months immediately before the half yearly premiums are paid. In all cases the Chairman, Committee, and experts work gratuitously. The Secretary may be paid a small sum.

In all Societies a member joins for a year and must continue membership for three years after receiving any indemnity.

A Reserve Fund is accumulated out of the balance left over after paying indemnities. When there is a Reserve Fund an entrance fee is charged to new members.

Societies are not responsible beyond their resources. If funds do not suffice a proportionate reduction in the indemnity of the year is made all round.

One important point is that in the European countries there is *practically no rinderpest*. It has been stamped out by Government control and care on the part of owners in following the Government rules. No Society in Burma can cover rinderpest unless the premium is raised to say 10 per cent., which would be as high as the rate on elephants and probably more than owner would care to pay.

In most European countries where Societies are numerous, they form a Central Society and to it pay one-fourth or one-half of the premiums they receive. The Central Society then bears one-fourth or one-half of the indemnities. In this way a wide tract of country is covered, say, the whole of a district, or division, or even of a province. Epidemics are almost always in scattered tracts and the freedom from deaths in one tract counterbalances the losses in another so that there should always be funds wherewith to meet all losses. To form such a Central Society there must first be, say, 20 village societies in different districts.

### III.—*Suggestions for Burma.*

In making the first model Societies in Burma it will be wise to strictly limit insurance to certain classes only of cattle. The most important class of cattle in Burma is plough and draught cattle, *i.e.*, bullocks, adult male or female buffaloes, say between four and twelve years of age. This class of cattle receives most care and attention and is most easily identified. Plough cattle do not suffer like cows and calves in famine years.

It will also be wise to exclude deaths due to rinderpest, war, riot, rebellion, the act of a third party who is liable, and to contagious diseases where the owner fails to carry out the Committees' instructions as to tending and treatment, and also to exclude losses due to theft and straying and neglect.

A safe, that is, a high rate of premium should be levied till experience is gained. Three per cent. should be the lowest rate to start with.

When experience has been gained and the system becomes better understood it will be easy to relax the conditions by, *e.g.*, admitting cows or younger beasts, by raising the age limit, by covering more causes of death, by lowering the premium or by paying more than two-thirds of the value. It is easier to relax than to stiffen the conditions.

There is no liability attaching to such a Society. It merely pays what it can from the funds raised by premium.

The amount paid in indemnity is two-thirds (approximately 66 per cent.) of the value remaining after the price obtained for the skin and meat, and a third party's indemnity, if any, have been deducted. Thus if a buffalo valued at Rs. 55 dies from a gore wound and the skin and meat fetch Rs. 10, then two-thirds of Rs. 45, that is, Rs. 30, is the amount of indemnity payable.

### IV.—*How to form a Society.*

The Co-operative Credit Societies Act X of 1904 requires that a Society must consist of not less than ten owners of cattle in a village. A larger number is desirable. The total value of their cattle should preferably be not less than Rs. 2,000. They should consult, and, if they agree to adopt the model bye-laws (with unimportant modifications if desired), they should apply to the Registrar, Co-operative Credit Societies, Maymyo, who will, after further explanation, take steps to register the Society.

V.—*Accounts.*

Only three books are necessary (that is all that the numerous French Village Societies keep) *viz.*—

- (1) *Cattle Register*.—In which details as to the member, his insured cattle, values and premium paid, are given. Each member has a page or pages to himself bearing a number.
- (2) *Receipt Book*.—With counterfoil, showing amount received—
  - (a) for supplementary payment on account of past half year's premium,
  - (b) for premium for present half year,
  - (c) on account of refund of excess indemnity paid,
  - (d) on account of other things (entrance fees and fines, etc).

The receipts bear a serial number and a note as to the page in the Cattle Register they refer to.

- (3) *Cash-Book*.—In which are entered receipts and expenditure with special columns for main heads and reference to the number of the receipt and (on both sides) to the page of the Cattle Register. No special policy is given, the receipt given to a member is his evidence of his payment to and claim upon the Society.

Specimen forms are attached. These accounts are very simple and quite within the powers of an ordinary village clerk.

The only calculation involved is that of working out the premium due on any sum (total value of all a member's plough cattle) at a given rate per cent. For this, a calculation table could, if necessary, be prepared and supplied.

Perhaps a better rate than 3 per cent. would be Rs. 3-2 per cent., which works out at 5 annas per Rs. 10 per year or 5 pice per Rs. 5 of value per half-year.

Besides these three account books a list of members and a Minutes Book must be maintained.

## I.—CATTLE REGISTER.

SOCIETY FOR THE MUTUAL INSURANCE OF PLOUGH CATTLE.

Policy No .....

*Signature of member*

Name.....

Father's Name.....

Residence.....

## Statement of Plough Cattle insured during half year

— (six months)..... to ..... Premium rate.....

Serial No.	Date.	Kind of beast.	Age.	Colour.	Full descrip- tion.	Value finally fixed by Com- mittee.	Total of column 7.	Amount of premium on total value of all beasts insured.	Remarks.
1	2	3	4	5	6	7	8	9	
						Rs.	Rs.	Rs.	

## II.—RECEIPT BOOK.

SOCIETY FOR THE MUTUAL  
INSURANCE OF PLOUGH CATTLE.

No. of Receipt ..... No. of Policy .....

Name .....

Residence .....

	Rs.	A.	P.
Supplementary payment pre- mium past half year,			
Premium present half year ..... to .....			
Refund of excess indemnity payments.			
Others (e.g., Entrance fees and fines).			
Total ...			

## II.—RECEIPT BOOK.

SOCIETY FOR THE MUTUAL  
INSURANCE OF PLOUGH CATTLE.

Number of Receipt .....

Number of Policy .....

Received from .....

the sum of Rs. .....

on account of :—

	Rs.	A.	P.
Supplementary payment of pre- mium on account of past half year.			
Payment of premium on account of present half year .....			
Refund of excess indemnity pay- ments.			
Others (e.g., Entrance fees and fines).			
Total.			

Total rupees ..... annas .....

pies .....

Date .....

Date .....

*Signature of Chairman.*

*Signature of Chairman.*

### III.—CASH-BOOK

SOCIETY FOR MUTUAL INSURANCE OF PLOUGH CATTLE.

## Leaflet VII.

### DEPOSITS IN CO-OPERATIVE SOCIETIES AND CENTRAL BANKS.

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That the saving of money in prosperous times to provide against old age and bad times is desirable and necessary requires no demonstration. The spend-thrift is classed as a fool in all nations.

There are various methods of saving and some are better than others. The object of this leaflet is to show that the deposit of savings in safe institutions like Co-operative Societies or a Central Co-operative Bank is one of the best ways of saving as the money so deposited is safe, as it earns interest and lastly as its use benefits others besides the depositor.

The earliest form of saving money and that practised in backward nations is to hoard it by hiding it in the ground or elsewhere. So hidden it is liable to be dug up by robbers, or to be lost to the family if the owner dies suddenly without having disclosed the hiding place. Further it sleeps and earns no interest for the owner.

Another form of saving is the purchase with money saved of gold and jewellery.

Jewellery can be worn and both gold and jewellery can be pawned if cash is required.

But gold and jewellery, however hidden, are baits for dacoits and robbers and when pawned for cash involve the owner in the payment of interest on his own money : further he can only get about  $\frac{1}{4}$  of the value of the articles pawned.

The chief reason why dacoity, robbery and house-breaking have practically died out in England is that no one keeps his savings in gold and jewellery but deposits them in banks and societies at interest.

A third way in which savings can be invested is in land. Land is safe from the armed robber but is not safe from the

man who disputes the title perhaps years after purchase. Land-owning involves the supervision of tenants, the making of advances, the collection (often unsuccessfully) of rent and generally a great deal of trouble and annoyance.

One of the best methods of investing savings and one which is greatly practised by all advanced nations is that of depositing them for fixed terms or at short or long notice in the Post Office Savings Bank, Joint Stock Banks and banking associations like Co-operative Societies.

Hitherto in Burma outside the towns there has been little opportunity of making such deposits owing to the paucity of Banks and Post offices.

Now, however, there are in many districts a large number of Co-operative Societies and there are also four Central Banks, *viz.*—

The Upper Burma Central Bank at Mandalay, and District Central Banks at Pakokku, Sagu and Pegu.

In many parts of the country it is, therefore, now possible to make deposits on the lines of advanced European countries.

The advantages of such deposits are :—

- (1) that they are safe ;
- (2) that if the whole is not wanted a part only can be withdrawn ;
- (3) that they earn interest ;
- (4) that the money used is being lent by the Society or Central Bank to some one who requires it for productive purposes.

Hence by making such deposits the power of production is increased and Burma as a whole benefits.

Co-operative Societies only take deposits for fixed terms, say six months or one or two years.

Central Banks take money for fixed terms and also have Savings Bank departments where money may be deposited and withdrawn at a few days' notice.

For the terms as to withdrawal and rate of interest intending depositors should apply to Society Chairmen or Union Chairmen or to the Chairman of the Sagu-Salin Central Bank, Sagu, the Chairman of the Pakokku Central Bank, Pakokku, or to the Manager, Upper Burma Central Bank, Mandalay.

The amount which village Societies may take on deposit is limited by the Registrar, Co-operative Societies, and the Fixed Deposit receipt given by a village Society must be signed by the Chairman and two members of the Committee.

Village Societies for the most part allow 9 per cent. on deposits for one year made by persons living in the neighbourhood.

Deposits in village Societies cannot as a rule be arranged for persons living at a distance from the village. Such persons should deposit in a Central Bank. -

The Upper Burma Central Bank, Mandalay, generally allows 5, 6 and  $6\frac{1}{2}$  per cent. per annum on Fixed Deposits for 1, 2 and 3 years. For Deposits in its Savings Bank department it allows at present 5 per cent. The rates allowed by two District Central Banks are as a rule one per cent. above those current in the Upper Burma Central Bank.

Money can be sent (after reference to the Registrar, Co-operative Societies, Maymyo, to ascertain that the money can be taken) to the Pakokku or Sagu Central Bank by sending to the Chairman a money order or notes by insured post or by paying cash in person. Cheques cannot be accepted.

To the Upper Burma Central Bank, Mandalay, money may be paid in cash or remitted by cheque or otherwise or paid into the Bank of Bengal, Rangoon, for the credit of the Upper Burma Central Bank.

Copies of the bye-laws of village Societies, Central Banks and the Upper Burma Central Bank's Savings Bank rules can be obtained from the Registrar, Co-operative Societies, Maymyo, or from the Manager, Upper Burma Central Bank, Mandalay.

It remains to show why money deposited with Co-operative Central Banks or Co-operative Societies is safe.

The safeguards arise (*a*) out of the constitution and methods of Co-operative Societies; (*b*) out of a chain of security, personal or real or both; (*c*) out of the inspection and control by the Government staff. This does not of course imply that Government takes any responsibility or liability for the debts of Societies or Central Banks. It does not do so, but in the interests of the public it controls the audit and inspection of such bodies.

The constitution of Co-operative Societies provides :—

(1) That the members shall be picked men of approved character and honesty. The original members' standing is examined by the Union if there be one and by the Registrar's staff. Subsequent members are admitted by the Committee. There should therefore be no "black sheep" in a Society.

(2) Loans can only be made to members.

(3) Loans can only be issued for productive purposes.

(4) The amount of loans is assessed by a Committee of the Society who have the best possible knowledge of the borrowers' needs, character and skill.

(5) Loans are strictly limited to the amounts that can be safely and productively used.

(6) Committees have to watch the use to which loans are put and withdraw them if misapplied.

(7) The borrower has to give adequate personal or real security.

(8) All Co-operative Societies and Central Banks have by law to put at least  $\frac{1}{4}$  of their profits to Reserve. Most Rural Societies may not divide profits at all, all profits going to Reserve.

The Reserve Funds of Rural Societies were on 30th June 1913 Rs. 2,80,949-6-0 against Rs. 20,42,119-1-10 borrowed from outsiders.

(9) The liability of the members of Rural Societies is unlimited. Over 95 per cent. of the Central Bank's loans are to Rural Societies.

(10) Three-quarters of the 970 Rural Societies in the Province were (on 30th June 1913) affiliated to Unions. Each Society in a Union is liable for the debts of other Societies in the Union up to an amount equal to its own borrowings from outsiders. This practically doubles the security which Central Banks and others have for loans to Union Societies. The policy is that all Societies should be in a Union.

(11) The Registrar strictly controls borrowings by fixing limits on the basis of the net assets and efficiency of each Society. Valuations of Societies' assets (*i.e.* of the total net assets of the members which are mostly visible land and cattle) are made under the Registrar's control from time to time.

(12) Central Banks have a share capital and Reserve Funds.

(13) Under Act II of 1912 Co-operative Societies have prior liens on crops raised from seed and on cattle bought with loans from a Society.

(14) Under the Act every registered Society has to be audited by or under the orders of the Registrar once a year.

(15) Under the Act in case of default creditors can require the Registrar to inspect the defaulting Society.

(16) For faults or bad working the Registrar may place a Society in liquidation and the orders of the liquidator appointed by him can be executed in the same manner as a decree by a Civil Court.

In the whole matter of the granting of loans, in the creation of reserve funds and imposing of liability, in the matter of inspection and audit and in the simplicity of the procedure for liquidation and the enforcement of the liquidator's orders there are elements of safety which should render investments in Co-operative Banks and Societies very acceptable to the man with savings to invest.

As the proof of the pudding is in the eating it may be added that in the 8 years since the Co-operative movement was first introduced into Burma 43 Societies have been wound up for bad working. They were wound up because they were the worst among all those registered. In no case has any depositor or a Central Bank lost anything.

## Leaflet XI.

### CENTRAL CO-OPERATIVE BANKS.

There are 3 Central Co-operative Banks in Burma, *vis.* :—

The Upper Burma Central Co-operative Bank, Limited, Mandalay.

The Pakokku Central Co-operative Bank, Limited, Pakokku.

The Sagu-Salin Central Co-operative Bank, Limited, Sagu, Minbu District.

The two last are District Central Banks financing Societies in the Minbu and Pakokku Districts respectively. The Upper Burma Central Bank operates over the whole province excepting the two districts above mentioned.

*Objects.*—Central Banks are formed to facilitate business for village Co-operative Societies affiliated to them, and to strengthen their position by becoming links to connect the Co-operative with the general business market, to balance their surpluses and deficiencies, and to hold out a helping hand to newly formed Societies. They will not be allowed to push business in the sense of granting excessive loans to Societies as the borrowing powers of Societies are controlled by the Union, if there be one, and by the Registrar ; nor will the case with which Societies can be financed through them be allowed to obscure the principle that for a Co-operative Credit Society local deposits are always preferable to deposits from a distant source like a Central Bank. Deposits from affiliated Societies will be received by the Central Bank in preference to those from the public.

They do not undertake the duty of inspecting Societies which deal with them. The practice obtaining in Germany has been followed here, by which Unions of Co-operative Credit Societies, themselves liable for the borrowing of such constituent Societies, do the inspection, while the Central Banks, upon the Committee of which the Unions are represented, do the financing.

*The Upper Burma Central Co-operative Bank.*—The shareholders of the Upper Burma Central Bank, Mandalay, are

(1) individuals holding 1,250 shares and (2) affiliated Societies taking one share each. The number of such affiliated Societies on 30th June 1913 was 760.

It is improbable that any more shares will be issued to individuals as in a Co-operative Bank it is desirable that the bulk of the shares should belong to Co-operative Societies dealing with the Bank, for whose benefit it was formed.

The individual shares are fully paid up and the shares of affiliated Societies are half paid up.

The Upper Burma Central Bank is managed by (1) a Committee of 14 members on which also all Union Chairmen sit as *ex-officio* members; (2) a paid Manager. The Manager at the present time is Mr. W. E. Hill.

Under the Co-operative Societies Act, 1912, under which Act it is registered, the Registrar, Co-operative Societies is responsible for its audit. It is proposed that he should in future years obtain the assistance of a firm of Chartered Accountants in the auditing.

To enable it to meet the demands of affiliated Societies for loans (up to the limit imposed in the case of each such Society by the Registrar, Co-operative Societies, in consultation with the Union if there be one) it is authorised to borrow by means of deposits or debentures. It can make no loans except to registered Co-operative Societies.

Its normal rates for Fixed Deposits are 5 6, and 6½ per cent. per annum for deposits of 1, 2 and 3 years. On Savings Bank deposits it at present pays 5 per cent.

Government has by special order relaxed the Government Servants' Conduct Rules so as to allow Government servants of all classes to deposit in this Central Bank.

The assets and liabilities of this Bank balance (on 23rd September 1913) at over 20 lakhs. At its Annual General Meeting held at Mandalay on 19th August 1913 out of Rs. 41,202-5-5 profits earned it was decided to pay a 9 per cent. dividend and to place Rs. 12,784-2-2 to the Reserve Fund, bringing the Reserve Fund up to over Rs. 26,500.

Copies of the Committee's Annual Report, Statement of Accounts and Balance Sheet can be obtained from the Manager, Upper Burma Central Bank, Mandalay, who will furnish information to intending depositors.

## Leaflet XIII (Burmese only).

### THE ESSENTIALS TO BE KNOWN BY ALL CO-OPERATORS.

1. Objects of Credit Society, *i.e.*, extinction of debts, increase of property and saving.
  2. Advantages of Co-operative borrowing by enabling small men by combination to get as good terms as big men.
  3. Liability of members to Society and of Society to Union.
  4. Safeguards against loss by default of members provided by bye-laws which require that only good men be admitted, that loans be strictly limited to actual requirements for productive purposes, that adequate security must be given for loans and that such loans be properly applied.
  5. A B C system of repayment (see bye-law 16 *et seq.* Raiffesien and Luzatti bye-laws).
  6. Rules as to admission, withdrawal and expulsion of members.
  7. Powers of General Meeting of Society.
  8. Formation and use of Reserve Fund.
  9. The advantages of belonging to a Union.
  10. Central Bank constitution and funds.
- 

### *Criteria of Success.*

1. Knowledge by Chairman and Secretary of all bye-laws.
2. Knowledge by all members of ten essential principles.
3. Good management—

Careful admission of members.

Careful issue of loans.

Punctual collection of dues.

Good accounts.

4. Increase of assets—decrease of debts.
5. Local imitation.
6. Ability to get local funds.

## Leaflet XIV.

### NOTE ON THE PROCEDURE TO BE OBSERVED IN ENQUIRING INTO AN APPLICATION FOR REGISTRATION AS A RURAL CO-OPERATIVE CREDIT SOCIETY, AND IN APPRAISING THE STABILITY AND REQUIREMENTS OF THE APPLICANTS.

The following procedure is generally suitable in enquiring into an application for registration as a Rural Co-operative Credit Society, and will, if followed, result in the ascertainment of the facts necessary to enable the Registrar to decide whether to register, and assist him in determining the amount of the loan which the Society should be permitted to accept.

Similar enquiries should also be made where an established Society desires further assistance on account of increased membership or for other reasons.

The person enquiring into the application should—

(1) Visit the village.

(2) Collect all the applicants.

(3) Ascertain their ages, occupations, characters, residences and relationships as among themselves (reference being made to Police and Village Registers, *Thathameda* Assessment Rolls, etc.) ; all unsatisfactory persons should be eliminated.

(4) Read out and carefully explain the Act and bye-laws.

(5) Read out and explain the appropriate leaflets.

(6) Make in Form I a list of the property of each applicant ; *i.e.*, land, cattle, carts, and boats, but not houses, unless unusually valuable. (For this *Kwin* Maps and Land Records Registers should be referred to.)

(7) Note in Form II the details as to all mortgages, column 18 being filled up only if it is proposed to redeem through the Society.

(8) Ascertain the debts of each member including mortgage debts above mentioned, and record in Form I. The reasons for incurring the original debt should be given.

(9) Carefully enquire into the requirements of each applicant, bearing in mind that the usual tendency is to ask for a larger loan than is necessary. To ascertain requirements it is often necessary to find out the income of the past year, the way in which it has been disposed of, and the balance available for use in the current year. The requirements found to be reasonable should be recorded in columns 22 to 27 of Form I.

N.B.—The transfer of prior debt, bearing onerous rates of interest to the Society at a less rate, is justified if the Society be properly secured against loss. Efforts should be made to transfer such debts. A careful enquiry should be made in each case into—

- (a) The original cause of the debt.
- (b) The efforts made by the debtor to discharge principal and interest.
- (c) The rate of interest.
- (d) The property, if any mortgaged as security for the debt.
- (e) The value of the property at a forced sale.
- (f) The terms of the mortgage.
- (g) The name and residence of the mortgagee.
- (h) The amount the debtor can afford towards liquidation, and thence the amount he must obtain from the Society to supplement this, so as to satisfy his creditor.
- (i) If the value of the property at a forced sale is not twice the amount of the loan required from the Society, the ability of the debtor to provide further security, by means of surtitles or by a further mortgage.
- (j) The time required (not more than four years) to repay the loan from the Society.

(10) Finally, to give the Registrar a good idea of the conditions of the locality and the prospects of usefulness and success before the Society, if formed, notes should be added, after careful enquiry, on such points as the following:—

- (a) The chief crops of the locality.
- (b) The existence of irrigation.
- (c) Immunity of crops from failure.
- (d) The usual causes of failure.
- (e) The existence of subsidiary occupations to supplement or take the place of cultivation, if that fails.
- (f) Whether the village is old established or not.
- (g) Whether there is waste land available for cultivation, and whether such waste is actually being yearly brought under cultivation.
- (h) The liability of the locality to cattle disease, and the year of the last epidemic.

- (i) Whether the village contains a large trading element.
- (j) The extent to which habitual working on credit exists.
- (k) The kinds of credit given, e.g., annual loans on the "sabape" system; large loans on mortgage; loans with interest in paddy and repayment of principal in money "sabanyun," etc.
- (l) The prevailing rate of interest on loans.
- (m) The "sabape" rate.
- (n) The class and characteristics of the existing money-lenders (Chetties, Zerbadis, Burman landlords, paddy traders, etc.).
- (o) Generally, if indebtedness is heavy, the reasons therefor.
- (p) Whether recent expenditure on *ahlus* and on luxuries seems extravagant; whether the standard of living is rising fast.
- (q) Whether there is at least one man among the applicants capable of keeping the simple accounts necessary.
- (r) The distance of the village from a railway, navigable river or Public Works Department road and from a rest-house, and whether it can be visited in the rains with reasonable ease.
- (s) Whether the applicants have separate houses and establishments. (A number of sons and dependents living with and on their parents or patrons do not appreciably strengthen a Society, but give a wrong impression of the requirements.)

This list of points on which information is desirable is not exhaustive; the person enquiring should bear in mind that the objects aimed at in forming a Rural Co-operative Credit Society are to finance the members with a maximum of usefulness to them and a minimum of risk to the public who lend to the Society, by degrees to eradicate the habit of working on credit and getting into debt, and thereby to make the saving of money possible and pleasant.

The supply of insufficient funds to a Society involves members' borrowing from outsiders; over such loans the Society has no control, they are contracted at high interest and weaken the Society no less than the member who contracts them.

On the other hand, the supply of a rupee more than is wanted for productive uses leads to extravagance or to speculation, and is no less to be deprecated.

Hence, in gauging the requirements of a Society, both timidity and rashness are to be avoided.

The best basis for a right appraisement of stability and requirements is accurate knowledge founded on thorough and patient enquiry.

As a general rule in areas where Societies already exist to provide models no application should be enquired into unless the bulk of the applicants know and understand at least the ten main principles of Co-operation (Leaflet XIII).

## CHAPTER XV.

## Selected Forms.

## ENQUIRY FORM I (OUTER LEAF).

## Miscellaneous Information.

- (a) Chief Crops \_\_\_\_\_
- (b) Irrigation \_\_\_\_\_
- (c) Immunity of Crops from failure \_\_\_\_\_
- (d) Usual causes of failure \_\_\_\_\_
- (e) Subsidiary Occupations \_\_\_\_\_
- (f) Is Village old established or not ? \_\_\_\_\_
- (g) [i] Extent of available waste \_\_\_\_\_  
[ii] Is Cultivation extending ? \_\_\_\_\_
- (h) Liability to Cattle Disease \_\_\_\_\_  
Year of last Epidemic \_\_\_\_\_
- (i) Trading element in Village \_\_\_\_\_
- (j) Extent of habitual working on credit \_\_\_\_\_
- (k) Kinds of Loans \_\_\_\_\_  
 (i) *Repayment in kind* \_\_\_\_\_  
 (ii) *Secured by land mortgage* \_\_\_\_\_  
 (iii) *Interest payable in kind* \_\_\_\_\_  
 (iv) *Interest payable in cash* \_\_\_\_\_
- (l) Usual Rate of Interest \_\_\_\_\_
- (m) Usual Rates for repayment in kind—  
 (i) *Paddy* \_\_\_\_\_  
 (ii) *Sessamum*—(a) *Seed* \_\_\_\_\_ (b) *Oil* \_\_\_\_\_  
 (iii) *Cotton* \_\_\_\_\_  
 (iv) *Chillies* \_\_\_\_\_  
 (v) \_\_\_\_\_
- (n) Classes of money-lenders \_\_\_\_\_
- (o) Usual Reasons for indebtedness \_\_\_\_\_
- (p) Standard of Living \_\_\_\_\_



Part I (B), Misc. Enquiry Form I—(Outer leaf).

C. C. S. Form I.

Standing and Requirements of Proposed Society.

Name \_\_\_\_\_ Rural Co-operative Credit Society.  
 \_\_\_\_\_ Urban \_\_\_\_\_

TOWNSHIP, \_\_\_\_\_ DISTRICT, \_\_\_\_\_

Number of Members—(a) Cultivators \_\_\_\_\_, (b) Others \_\_\_\_\_ Total \_\_\_\_\_

Types of Society \_\_\_\_\_ Share \_\_\_\_\_

Assets of Members.

		Rs. A. P.
Cattle ( ), Carts ( ), Boats ( ), ...	...	Value _____
Land Paddy ( ac.), Ya ( ac.) Other ( ac.)	...	Value _____
Other property	...	Value _____
		Total Value ...

Debts of Members.

(i) Temporary loans bearing no interest	...	...	_____
(ii) Debts secured by land mortgage—Principal Rs. , Interest Rs.	...	...	_____
(iii) Agricultural advances—Principal	...	...	_____
(iv) Other debts—Principal Rs. , Interest Rs.	...	...	_____
		Total ...	_____

Loans Required for

(a) Repayment of debts not secured by mortgage	...	_____	
(b) Purchase of Cattle	...	_____	
(c) Purchase of seed and expenses of cultivation	...	_____	
(d) Purchase of food	...	_____	
(e) Purchase of redemption of land	...	_____	
(f) Purposes of trade	...	_____	
(g) Other purposes	...	_____	
		Total ...	_____

Funds available.

Share capital, Rs.	, Fixed Deposit proposed, Rs.	_____
--------------------	-------------------------------	-------

Situation of Village.	Nearest Railway Station... Nature of Route _____	...	... Miles _____
-----------------------------	---	-----	-----------------

Qualifications of proposed Secretary \_\_\_\_\_

Place \_\_\_\_\_

Date \_\_\_\_\_ 191 .

*Signature of Officer holding enquiry.*

**Questions for Inspection of a Co-operative Credit Societies.**  
**General.**

1. Name of Society— To what Union affiliated ?	
2. Date and place of present inspection.	
3. Date of last inspection ...	
4. How many Committee men and members attend present inspection ?	
5. Does the Chairman take an active interest in the Society ?	
6. Do members take an interest in it and make their opinions heard or is it managed by a clique of influential men ?	
7. Was last harvest good ? ... What are crop prospects ? ... Note specially any important information about particular crops, damage by rain, drought, insects, cattle disease etc. (N.B.—This is a most important matter.)	
8. Did last auditing officer leave a copy of balance sheet and statement of accounts on date of his inspection ?	
9. Are new members who are eligible freely admitted or is the original Society a close concern which wishes to prevent others from sharing its advantages ?	

*General--continued.*

10. Are there applications to form Societies in villages near the Society being inspected? Do neighbouring villages take interest in Co-operation?
11. Has the Society—  
 (a) A seal? ...  
 Certificate of Registration and written permission to accept pledge of moveables?  
 (b) Register containing signed list of members, minutes of meetings, and cash account, Loan Ledger?  
 (c) Inspection notes register ...  
 (d) A supply sufficient for probable requirements for the year of forms of mortgage bonds?  
 (e) One copy of the Act, two copies of the bye-laws, a few spare copies of leaflets I, II and III and Catechism?  
 (f) A Central Bank Share Certificate?
12. Does the Committee explain the catechism to the members from time to time?
13. Do members understand—  
 (a) What the Central Bank is, and how it gets funds to finance Societies?  
 (b) That its funds are not provided by Government.  
 (c) The general orders as to A, B and C loans and the system of repayment and half-yearly dates for settlement.  
 (d) The object of a Reserve Fund.  
 (e) The bye-laws as to admission and withdrawal of members.  
 (f) The advantages belonging to a Union.  
 (g) The liability incurred by Societies affiliated to a Union.  
 (h) The liability of members in a Society.  
 (i) The productive use of loans.  
 (j) That an appeal against Committee lies to General Meeting.

*General—concluded.*

- |  |  |
|--|--|
| <p>14. Did the last inspecting officer see the errors found by him corrected on the spot? Have any instructions given by him been carried out?</p>   |  |
| <p>15. Has the Society a file of correspondence with Registrar, his staff and Central Bank, neatly kept?</p>   |  |
| <p>16. Has there been any litigation between Society and members? If so, state cases and result.</p>   |  |
| <p>17. Have the assets of the members increased and the total indebtedness to the Society and outsiders decreased. (N.B.—A full valuation should be made once in four years at least.)</p> |  |

## II

## List of Members.

1. Is the Society a Luzzatti or Raif- feisen one ?	
2. What is present number of mem- bers ? Are more persons desirous to join ?	
3. How many deaths or resignations since 1st July last ?	
4. How many new members since 1st July last ?	
5. If resignations are numerous, give the reasons.	
6. Is list of members complete ?	
7. Do members sign themselves ?	
8. Are admissions and withdrawals recorded in minutes ?	
9. Are new members only admitted in accordance with the bye-laws ? Do they understand their liability before entering ?	
10. Have new members paid shares ?	
11. Have all paid instalments to Luz- zatti shares ?	

## III

## Minutes.

1. State number of Committee Meetings and General Meetings since 1st July last and whether attendance is satisfactory.	
2. Are the minutes of previous Meeting read over and confirmed by the next meeting ?	
3. Do Committee men really attend at Committee Meetings ?	
4. Are minutes signed by Chairman himself ?	
5. Is there formal record in Minutes? (a) Of admissions and withdrawals and payment of shares. (b) Issue and collection of loans. (c) Collection of interest ... (d) Application for loans to Central Bank or Union. (e) Other important matters ...	
6. State number of General Meetings. Is attendance satisfactory ? Is there formal record in General Meeting minutes of— (a) Election of Chairman and Committee (yearly). (b) Appointment and remuneration of Secretary. (c) Entry into Union.	

## IV

## Cash Book.

1. Are entries made punctually at time of the transaction ?	
2. Do Chairman and Secretary sign as correct ?	
3. Examine correctness of opening balances brought forward and additions of columns.	
4. Are entries made in proper columns ?	
5. Are loans to members serially numbered and do numbers agree with numbers in loan ledger ?	
6. Is closing balance excessive—if so, why ?	
7. At the beginning of your inspection call or the closing balance in hand and see if it agrees with that shown in cash book.	
8. Has the Society paid the Union rate half-yearly—at what rate per 100 ?	
9. (a) Have all payments made for contingencies and establishment received the written sanction of the Committee in the minutes ? (b) Have any payments coming under these heads been made by a levy from members.	
10. Are payments for contingencies, i.e., expenses, excessive ?	

## Cash Book—concluded.

11. Are the accounts neatly kept?	
12. Are pages gummed together or erasures made? If so, explain that corrections must only be made by crossing out with ink and initialling.	
13. Are the books carefully kept and secured against white ants, etc.	
14. Is the Secretary competent and is the clerical work of the Society well done?	
15. What pay, if any, does the Secretary get? [N.B.—In small societies he should not ordinarily be paid.]	

## Loans from Central Bank and Local Deposits.

1. Has Society a Central Bank pass-book ? Has it been made up to last half-yearly date, September 30th or March 31st ?	
2. What is maximum limit sanctioned by Registrar and Union for (a) loans from Central Bank, (b) local deposits ?	
3. What is total amount of loans from Central Bank ?	
4. What is total amount of local deposits ?	
5. Has interest been correctly calculated and paid punctually ?	
6. Do entries in Pass-book agree with those in cash book ?	
7. Was money received from Central Bank issued at once in loans to members ?	
8. Does Society want more funds ? Why ? If so, prepare statement if it is not in a Union. If in Union it should apply to Union.	
9. Has the Society receipts for local deposits repaid and for interest paid thereon ? (The Central Bank pass-book entries constitute a receipt for sums paid to Central Bank.)	

## Loans from Central Bank and Local Deposits--concluded.

10. Do the members make deposits on paddy?	
11. If so, how much paddy has been deposited by how many members?	
12. On what terms is such paddy lent?	
13. What is amount of paddy lent since April 1st?	
14. What is amount Principal and Interest paddy recovered between last harvest and 31st March?	
15. Does Society endeavour to get local deposits?	
16. What is total amount deposited in Society creditors who have converted claims against individual members into a claim on Fixed Deposit against the Society?	
17. Has interest on such deposits and instalment of principal been paid as agreed?	
18. If the Society keeps up a Register of deposits, check it item by item with the cash book and note any errors.	

## VI

## Loans to Members.

- |   |  |
|---|--|
| 1. Prepare list of loans from Loan Register, Pro-notes (if any) and Mortgage deeds showing A, B and C loans distinct.   |  |
| 2. Check entries in this list with entries in cash book and note discrepancies.   |  |
| 3. Check entries in this list with sanctions in Minutes.  |  |
| 4. Check arithmetical correctness of interest calculated and paid in Loan Ledger.   |  |
| 5. Then check these sums of interest with entries in cash book. Is it paid on due date?   |  |
| 6. Check repayments of principal in Loan Ledger with conditions as to repayment of loan stated in Minutes and Loan ledger and then check fact of repayment and date in cash book. |  |
| 7. Are repayments made in accordance with the bye-laws (A, B and C system)?   |  |
| 8. If repayments not in accordance with the byc-laws is there a definite approval of extension of time in Minutes and is reason for extension recorded?                           |  |
| 9. Do you think members have repaid loans out of profits or borrowed outside to enable them to repay?   |  |

## Loans to Members—continued.

10. (After questioning members) do members get full amount of loan as signed for, or do Chairman or others levy Commission or other charge on loans?

11. Has every loan made received the formal sanction of the Committee?

12. Are loans made only to members?

13. If mortgage deeds have been made, have they been duly registered?

14. If land has been orally mortgaged [in Upper Burma], are details of land and conditions recorded in Minutes and supported by a Land Revenue "pyat-baing" obtained after report to Revenue Surveyor?

15. (a) What proof is there that the borrower on a mortgage has a clear title to the property pledged?  
 (b) Has he explicitly stated that he is the sole owner?  
 (c) If not has he given the names of the other owners?  
 (d) Have the signatures of the other owners been obtained on the mortgage deed?

16. Has the purpose of each loan been clearly stated in the Committee's sanction?

17. When loans have been made to redeem or purchase land, has the land been pledged to the Society as security for the loan?

18. In general does the Committee supervise the use of money lent?

## Loans to Members—concluded.

19. Are all signatures by borrowers and sureties really made by and not merely for such persons?

20. Are receipts or old pro-notes and bonds all for debts liquidated with Society money duly filed with the Society as evidence that they have really been paid off?

21. Are there any loans which appear to be irrecoverable in whole or part. What action is the Society taking as regards such loans?  
Has it demanded the money from sureties?  
Fill up attached statement of loans.



*Register of loans made on personal security by the  
Name of borrowing member—*

**STATEMENT OF ACCOUNTS**  
AND  
**BALANCE SHEET.**

\_\_\_\_\_**CO-OPERATIVE CREDIT SOCIETY,** \_\_\_\_\_**UNION,** \_\_\_\_\_**DISTRICT.**

*For period from* \_\_\_\_\_ 19 \_\_\_\_ *to* \_\_\_\_\_ 19 \_\_\_\_\_

**Chairman** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Committee** \_\_\_\_\_

**Secretary** \_\_\_\_\_

**Bankers** \_\_\_\_\_

**Number of members on 1st July 191** \_\_\_\_\_

**Number of new members since 1st July 191** \_\_\_\_\_

**Number of resignations since 1st July 191** \_\_\_\_\_

**Number of members on the** \_\_\_\_\_

**Amount of** { **A Loans** \_\_\_\_\_  
**B Loans** \_\_\_\_\_  
**C Loans** \_\_\_\_\_

**Amount of loans overdue** \_\_\_\_\_

**Area of land redeemed or bought by the members** \_\_\_\_\_

**Number of Fixed Depositors** { **Members** \_\_\_\_\_  
**Non-members** { **Local** \_\_\_\_\_  
**Outside the District** \_\_\_\_\_

**Number of Recurring Depositors** \_\_\_\_\_

**Numbers of meetings held since 1st July 191** \_\_\_\_\_

## Cash Account (Annual Statement II).

Annual Statement number.	Receipts.	Expenditure.	
	Rs. A. F.	Rs. A. F.	
4 Share payments ... ...	19	Shares repaid ... ...	
5 Loans and deposits by members ...	20	Members' deposits withdrawn ...	
6 Loans and deposits by non-members	21	Loans repaid to Government ...	
7 Loans and deposits by other Societies,	22	Loans repaid to Central Societies ...	
8 Loans and deposits by Central Societies,	23	Loans repaid to other Societies ...	
9 Loans and deposits by Governments	24	Loans repaid to non-members ...	
10 Loans repaid by members ...	25	Loans to members on personal securities,	
11 Loans repaid by Central Societies ...	26	Loans to members on mortgage security,	
12 Loans repaid by other Societies ...	27	Loans made to Central Societies ...	
13 Interest on	Members' loans Rs. ....	28	Loans made to other Societies ...
	Loans and deposits with other Societies and Bank Rs. ....	Interest paid on	Members' deposits Rs. ....
	Deposits with Post Office Savings Bank Rs. ....	Interest paid on	Central and other Societies' Loans Rs. ....
14 Sale of goods to members ...	29	Non-members' deposits Rs. ....	
15 Other items.	Dividend on Central Bank share Rs. ....	30	Government loan Rs. ....
	Fines Rs. ....	31	Dividend and bonus paid ...
	Entrance fees Rs. ....	32	Stock bought ...
16	....., .....	Expenses:	Establishment Rs. ....
17	....., .....	Union rate Rs. ....	
18	....., .....	Contingencies Rs. ....	
19	Total ...	Central Bank shares Rs. ....	
20	Opening balance. { Cash in hand Rs. .... }	One-fourth reserve fund Rs. ....	
21	{ Cash in Bank Rs. .... }	....., .....	
22	GRAND TOTAL ...	Other items.	
23	84	Carried to reserve ...	
24	85	Total ...	
25	86	Closing balance. { Cash in hand Rs. .... }	
26	{ Cash in Bank Rs. .... }	( Cash in Bank Rs. .... )	
27	87	GRAND TOTAL ...	

## Balance Sheet (Annual Statement III).

Annual form column number.	Assets.	Annual form column number.	Liabilities.
4	Balance { in hand ... in bank ... }	Rs. A.P.	14 Loans from non-members ... 15 Loans and deposits from other societies. 16 Loans from Government ... 17 Deposits by members ... 18 Share capital ... 19 { Interest due by society ... Rs. .... Dividends due by society Rs. .... }
5	Value of investment. { Central Bank share Rs. .... One-fourth Reserve fund Rs. .... ..... Rs. .... ..... Rs. .... }		
6	Loans due by members ...		
8	Loans due by other societies ...		
10	Interest due to society ...		
11	Value of stock in hand ... { ..... Rs. .... }		
12	Other items { ..... Rs. .... ..... Rs. .... }		
13	Total ...		
		25	GRAND TOTAL ...

## Profit and Loss Account (Annual Statement V).

Annual form column number.	Receipts.	Annual form column number.	Expenditure.
4	Interest earned as detailed in Cash Account.	Rs. A.P.	8 Interest paid as detailed in Cash Account Rs. .... 9 Interest due ... Rs. ....
5	Gross profit on sale of stock ... (Divided on Central Bank share Rs. ....)		
6	Fines ... Rs. .... Other items { Entrance fees Rs. .... ..... Rs. .... ..... Rs. .... ..... Rs. .... }		
7	Total ...	14	10 Expenses as detailed in Cash Account Rs. .... 11 Expenses due ... Rs. .... 12 Debits written off ... Depreciation of stock ... Other items { ..... Rs. .... ..... Rs. .... ..... Rs. .... ..... Rs. .... } Total ... Net profit + or loss - ... Total ...

## FIXED DEPOSITS AND LOANS.

Date of deposit, or loan.	Depositor.	Amount.	Rate of interest.	INTEREST.		PRINCIPAL.		Remarks.
				Due date.	Paid date.	Due date.	Paid date.	

GENERAL REMARKS.

**Form of Application for Loan From the Upper Burma Central Bank by a Co-operative Credit Society.**

Through the Chairman, the.....Union of Co-operative Societies.

**TO THE MANAGER,**

Upper Burma Central Co-operative Bank, Ltd.,

Mandalay.

SIR,

On behalf of the.....<sup>Urban</sup><sub>Rural</sub> Co-operative Credit Society we submit this application for a loan of Rs. (figures) (amount in words).

The Registrar has fixed Rs. ....as the maximum limit of deposits from non-members which may be accepted by our Society: and this Society at present holds only Rs.

A certified copy of resolution No.....of the general meeting of our Society held on the.....authorising the acceptance of the loan now applied for is attached hereto.

*Signatures of*

Seal of the  
Society.

*Chairman .....*

*Member of Committee.....*

*Member of Committee.....*

Dated.....

**ENDORSEMENT BY THE UNION.**

Forwarded to the Manager, Upper Burma Central Co-operative Bank, Mandalay.

The loan applied for by the.....Society was agreed to in paragraph.....of the minutes of the general meeting of the Union held on the

*Signature of*

Seal of the  
Union.

*Chairman.....*

*Member of Committee.....*

*Member of Committee.....*

Dated.....

## CHAPTER XVI.

### List of Model Bye-laws and Leaflets obtainable from the Registrar's Office.

#### *Bye-laws.*

(Agricultural) Co-operative Credit Society (Raiffeisen).

(Agricultural) Co-operative Credit Society (Luzzatti).

(Agricultural) Union of Co-operative Credit Societies.

(Agricultural) Tenancy Co-partnership and Credit Societies.

(Agricultural) Central Tenancy Co-partnership and Credit Society.

(Agricultural) Rural Credit Society attached to a Central Co-partnership Society.

(Urban) Co-operative Credit Society, Limited (Luzzatti).

(Urban) Co-operative Salary-Earners' Society, Unlimited.

(Central)—District Central Bank, Limited (Sagu-Salin model).

(Central)—Upper Burma Central Bank, Limited, with Savings Bank bye-laws attached.

Mutual Cattle Insurance Society.

Central Cattle Re-insurance Society.

Co-operative Paddy Sale Society.

#### *Leaflets.*

I. } II. } On Agricultural Credit Societies (Raiffeisen).

III.—On Agricultural Credit Societies (Luzzatti).

IV.—On Unions.

V.—On Urban Societies.

VI.—On Salary-Earners' Societies.

VII.—On Deposits and Savings in Co-operative Credit Societies.

VIII.—On Honorary Organizers.

IX.—On the Use of Gold.

X.—On Cattle Insurance.

XI.—On the Upper Burma Central Bank.

XII.—On why Central Banks lend to Societies at 9 per cent. per annum (Burmese only).

XIII.—The Ten Main Principles and Six Criteria (Burmese only).

XIV.—Note on procedure by Persons enquiring into Applications to form Societies.



